COLONIAL CONFERENCE, 1902.

II.

PAPERS

RELATING TO A

CONFERENCE

BETWEEN THE

SECRETARY OF STATE FOR THE COLONIES

AND THE

PRIME MINISTERS OF SELF-GOVERNING COLONIES;

JUNE to AUGUST, 1902.

Presented to both Houses of Parliament by Command of His Majesty.
October, 1902.

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Subjects suggested for discussion and Notices of Motion.

Subjects for Discussion.	Suggested by
1. Political relations of Mother Country with the Colonies.	Secretary of State for the Colonies.
(*a.*) *Motion.* "That it would be to the advantage of the Empire if triennial Conferences were held at which questions affecting the political and commercial relations of the Mother Country and His Majesty's Dominions over the seas could be discussed and considered, as between the Secretary of State for the Colonies and the Premiers of the self-governing Colonies. In case of any emergency arising upon which a special conference may have been deemed necessary, the next ordinary conference to be held not sooner than three years thereafter."	Government of New Zealand.
(*b.*) Communication prior to entering on treaties affecting Colonial interests.	Government of Commonwealth.
(*c.*) Imperial Court of Appeal - -	Government of Commonwealth.
2. Imperial defence - - - - -	Secretary of State for the Colonies.
(*a.*) *Motion.* "That it is desirable to have an Imperial Reserve Force formed in each of His Majesty's Dominions over the seas for service in case of emergency outside the dominion or colony in which such reserve is formed. The limits within which such reserve force may be employed outside the Colony wherein it is raised to be defined by the Imperial and Colonial Governments at the time such reserve is formed, and to be in accordance with any law in force for the time being respecting the same. The cost of maintaining and equipping such Imperial Reserve Force to be defrayed in such proportion and manner as may be agreed upon between the Imperial and Colonial Governments."	Government of New Zealand.
(*b.*) "That the Australian Squadron be strengthened—(*a*) by increasing the number of cruisers; (*b*) by withdrawing some of the inferior gunboats, and replacing them with modern and better class cruisers; and (*c*) by adding torpedo catchers or destroyers, if deemed necessary. The extra cost of maintenance entailed to be defrayed in the same proportion as provided under the existing agreements, and on population basis."	Government of New Zealand.

Subjects for Discussion.	Suggested by
(*c.*) Army and Navy supply contracts - -	Government of Commonwealth.
(*d.*) Commissions in the Army and Navy -	Government of New Zealand.
(*e.*) Uniformity in patterns of weapons - -	Secretary of State for War.
3. Commercial relations of the Empire - -	Secretary of State for the Colonies.
(*a.*) *Motion.*—"That it is essential to the well-being of the Mother Country and His Majesty's Dominions beyond the seas, that in such Dominions where the same do not now exist, preferential tariffs by way of rebate of duties on British manufactured goods carried in British owned ships should be granted, and that in the Mother Country rebate of duty on Colonial products now taxable should be conceded."	Government of New Zealand.
(*b.*) Loss of most-favoured-nation treatment if preference given to Great Britain.	Government of Commonwealth.
(*c.*) Mutual protection of Patents - -	Government of Commonwealth.
(*d.*) Merchant shipping—uniform laws throughout the Empire.	Government of the Cape.
(*e.*) Imperial Stamp Charges on Colonial Bonds	Government of Commonwealth.
(*f.*)—(1) Ocean Cables and purchase thereof.	Government of Commonwealth.
(*f.*)—(2) Government control of Wireless Telegraphy - - - - -	Admiralty and War Office.
(*g.*) *Motion.*—"That it would be an advantage to the Empire to have subsidised mail services established as between Australia, New Zealand, Canada, and Great Britain. The steamers carrying such mails to be British owned, and such steamers to be of such a class, and so fitted, that in time of war they may be armed and used as cruisers."	Government of New Zealand.
(*h.*) *Motion.*—"That in view of the application of the Coasting Laws of the United States and of other Nations, the time has arrived for negotiations to be opened with a view to removal or modification of restrictions on British trade, failing which the Imperial Government should take steps to protect the trade of the Empire by passing a law declaring that the Colonies and Dependencies shall come within similar Coasting Laws."	Government of New Zealand.
4. Naturalization - - - - -	Government of Cape and Government of Natal.

Subjects for Discussion.	Suggested by
5. Settlement of South Africa. *Motion.*—"That in arranging for the administration of that portion of the Empire known formerly as the South African Republic and the Orange Free State, provision should be made that duly qualified members of the learned and skilled professions now admitted, and hereafter to be admitted to practise in the Dominion of Canada, the Commonwealth of Australia and in New Zealand, be allowed to practise within the newly-acquired territories referred to."	Government of New Zealand.
6. Islands of the Pacific. Relations of the Commonwealth and New Zealand with.	Secretary of State for the Colonies.

Summary of Resolutions and Results.

Resolution :--

Political relations.

"That it would be to the advantage of the Empire if Conferences "were held, as far as practicable, at intervals not exceeding four years, "at which questions of common interest affecting the relations of the "Mother Country and His Majesty's Dominions over the seas could be "discussed and considered as between the Secretary of State for the "Colonies and the Prime Ministers of the self-governing Colonies. "The Secretary of State for the Colonies is requested to arrange for "such Conferences after communication with the Prime Ministers of the "respective Colonies. In case of any emergency arising upon which a "special Conference may have been deemed necessary, the next ordinary "Conference to be held not sooner than three years thereafter."

Resolution :—

Communication prior to treaties.

"That so far as may be consistent with the confidential negotiation "of treaties with Foreign Powers, the views of the Colonies affected "should be obtained in order that they may be in a better position to "give adhesion to such treaties."

Naval defence.

Contribution of *Australia* increased to 200,000*l.* a year towards the cost of an improved Australasian Squadron and the establishment of a branch of the Royal Naval Reserve.

Contribution of *New Zealand* increased to 40,000*l.* a year towards an improved Australasian Squadron and the establishment of a branch of the Royal Naval Reserve.

Contribution of *Cape Colony* increased to 50,000*l.* per annum towards the general maintenance of the Navy.

Natal to contribute 35,000*l.* per annum towards the general maintenance of the Navy.

Newfoundland to contribute 3,000*l.* per annum (and a capital sum of 1,800*l.* for fitting up and preparing a drill ship) towards the maintenance of a branch of the Royal Naval Reserve of not less than 600 men.

Military defence.

Discussion to be continued by correspondence.

Commissions in the Army and Cadetships in the Navy.

Resolution :—

"That the Prime Ministers of self-governing Colonies suggest that "the question of the allotment of the Naval and Military Cadets to the "Dominions beyond the seas be taken into consideration by the Naval "and Military Authorities, with a view to increasing the number of "commissions to be offered; that, consistent with ensuring suitable "candidates, as far as practicable, greater facilities than now obtain "should be given to enable young Colonists to enter the Navy and "the Army."

Resolution :—

Preferential trade.

"1. That this Conference recognises that the principle of preferen- "tial trade between the United Kingdom and His Majesty's Dominions "beyond the seas would stimulate and facilitate mutual commercial "intercourse, and would, by promoting the development of the resources "and industries of the several parts, strengthen the Empire.

"2. That this Conference recognises that, in the present circumstances of the Colonies, it is not practicable to adopt a general system of Free Trade as between the Mother Country and the British Dominions beyond the seas.

"3. That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those Colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufacturers of the United Kingdom.

"4. That the Prime Ministers of the Colonies respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies either by exemption from or reduction of duties now or hereafter imposed.

"5. That the Prime Ministers present at the Conference undertake to submit to their respective Governments at the earliest opportunity the principle of the resolution and to request them to take such measures as may be necessary to give effect to it."

The representatives of the Colonies are prepared to recommend to their respective Parliaments preferential treatment of British goods on the following lines:—

Canada.

The existing preference of 33⅓ per cent., and an additional preference on lists of selected articles—

(*a*) by further reducing the duties in favour of the United Kingdom;

(*b*) by raising the duties against foreign imports;

(*c*) by imposing duties on certain foreign imports now on the free list.

Australia.

Preferential treatment not yet defined as to nature or extent.

New Zealand.

A general preference by 10 per cent. all-round reduction of the present duty on British manufactured goods, or an equivalent in respect of lists of selected articles on the lines proposed by Canada, namely:—

(*a*) by further reducing the duties in favour of the United Kingdom;

(*b*) by raising the duties against foreign imports;

(*c*) by imposing duties on certain foreign imports now on the free list.

The Cape and Natal.

A preference of 25 per cent. or its equivalent on dutiable goods other than specially-rated articles to be given by increasing the duties on foreign imports.

Resolution:—

Government contracts.

"That in all Government contracts, whether in the case of the Colonial or the Imperial Governments, it is desirable that, as far as practicable, the products of the Empire should be preferred to the products of foreign countries.

"With a view to promoting this result it is suggested that where such contracts cannot be filled in the country in which the supplies are required, the fullest practicable notice of the requirements and of the conditions of tender should be given both in the Colonies and

" the United Kingdom and that this notice should be communicated " through official channels as well as through the Press."

Resolution :—

Shipping subsidies.

" That it is desirable that in view of the great extension of foreign " subsidies to shipping, the position of the mail services between " different parts of the Empire should be reviewed by the respective " Governments.

" In all new contracts provisions should be inserted to prevent " excessive freight charges, or any preference in favour of foreigners " and to ensure that such of the steamers as may be suitable shall be " at the service of His Majesty's Government in war time as cruisers or " transports."

Resolution :—

Coasting trade.

" That it is desirable that the attention of the Governments of the " Colonies and the United Kingdom should be called to the present state " of the navigation laws in the Empire, and in other countries, and to " the advisability of refusing the privileges of coastwise trade including " trade between the Mother Country and its Colonies and Possessions, " and between one Colony or Possession and another, to countries in " which the corresponding trade is confined to ships of their own " nationality and also to the laws affecting shipping, with a view of " seeing whether any other steps should be taken to promote Imperial " trade in British vessels."

Resolution :—

Metric system.

" That it is advisable to adopt the metric system of weights and " measures for use within the Empire, and the Prime Ministers urge " the Governments represented at this Conference to give consideration " to the question of its early adoption."

Resolution :—

Mutual protection of patents.

" That it would tend to the encouragement of inventions if some " system for the mutual protection of patents in the various parts of the " Empire could be devised.

" That the Secretary of State be asked to enter into communication " with the several Governments in the first instance and invite their " suggestions to this end."

Resolution:—

Purchase of cables.

" That it is desirable that in future agreements as to cable " communications a clause should, wherever practicable, be inserted " reserving to the Government or Governments concerned the right of " purchasing on equitable terms, and after due notice, all or any of the " cables to which the agreements relate."

Resolution :—

Postage on newspapers and periodicals.

" That it is advisable to adopt the principle of cheap postage " between the different parts of the British Empire on all newspapers " and periodicals published therein, and the Prime Ministers desire to " draw the attention of His Majesty's Government to the question of a " reduction in the outgoing rate.

" They consider that each Government shall be allowed to " determine the amount to which it may reduce such rate, and the time " for such reduction going into effect."

Resolution :—

Professional employment in Transvaal and Orange River Colony.

"That in arranging for the administration of the Transvaal and the "Orange River Colony it is desirable that provision should be made "that duly qualified members of the learned and skilled professions "now admitted and hereafter to be admitted to practise in the self-"governing Colonies be allowed to practise within the newly acquired "territories on condition of reciprocal treatment in the Colonies "concerned."

Queen Victoria Memorial.

Contributions to be recommended to their respective Parliaments by the Premiers :—

	£
The Dominion of Canada - - - -	30,000
The Commonwealth of Australia - -	Reply not yet received.
New Zealand, not less than - - -	15,000
The Cape Colony - - - - -	20,000
The Colony of Natal, not exceeding - -	10,000
The Colony of Newfoundland - - -	2,000

SUMMARY OF PROCEEDINGS

OF THE

COLONIAL CONFERENCE.

In a telegram of the 23rd of January last, the Secretary of State intimated the desire of His Majesty's Government to take advantage of the presence in London of the Prime Ministers of the various self-governing Colonies in connection with His Majesty's Coronation to discuss with them various important questions of general interest.

The subjects indicated in that telegram were, the political and commercial relations of the Empire, and its Naval and Military Defence.

The various Governments were also invited to furnish a statement of any subjects which they thought might usefully be discussed, and, with a view to facilitate and give a definite direction to the discussion, to furnish the text of any resolutions which they might desire to submit to the Conference.

The list of the subjects suggested in response to this request and the text of the Resolutions proposed are appended. Pp. vi. and viii.

In addition to the Prime Ministers the Conference enjoyed the advantage of the presence at its meetings of the Minister of Defence for the Commonwealth of Australia, and of the Canadian Ministers of Customs, Militia and Defence, of Finance, and the Canadian Postmaster-General. The Secretary of State for War, the First Lord of the Admiralty, and the President of the Board of Trade were also present at the discussion of the questions affecting their special Departments.

As in the case of the last Conference in 1897, it was decided that the proceedings of the Conference should in the first instance be confidential, in order that the discussion might be as free as possible, and that the members might be able to set out fully and frankly the special difficulties and considerations which affected them in the practical consideration of the different subjects, and when, at the close of the proceedings, the question of their publication was discussed, it appeared that some of the members were averse to this course. The full report must therefore continue to be regarded as confidential, and as on the last occasion, only the statements made by His Majesty's Ministers in which they indicated generally the views of His Majesty's Government on the various subjects, and a summary of the general results and the text of the various resolutions passed, are now made public.

The proceedings were opened by the Secretary of State for the Colonies in the following speech:—

"THE SECRETARY OF STATE: I have made arrangements to have a full shorthand report of the whole of our proceedings, and I shall endeavour, as far as possible, to arrange that each day's report shall be sent to each of you before the next meeting. These reports will, of course, be treated by all of us as absolutely confidential; at all events for the present. What we desire is a perfectly free discussion which we could hardly expect if that understanding were not arrived at, but at the close of your proceedings we will then consider whether anything, and if so, what, should be given to the public. No doubt some of our conclusions will be made public, and it may

possibly be found on looking through the reports it may be desirable that more should be published. At all events, what I wish to explain is that that will be a matter for subsequent decision, and nothing will be published without the consent of the persons concerned.

" And now, gentlemen, it is my duty on behalf of His Majesty's Government to thank you for your presence here, and to give you on their behalf and on behalf of the people of this country a most hearty welcome. We know how sincerely you have shared our sorrow at the serious illness of the King, and we know also how you share our joy that the illness appears to be passing away, and that we confidently entertain an expectation that the King will be wholly recovered at a period earlier than perhaps we had at first dared to anticipate. The whole country has been darkened by the shadow of this serious calamity. It is lightening now; but at the same time we all feel much disappointment—and I am sure no one regrets it more than the King himself—that this mishap should have interfered with the ceremonies of the Coronation, and that this disappointment should have been caused to so many of His Majesty's subjects who have come from all parts of his dominions in order to witness and to take part in his Coronation and to pay to him their loyal respect and to acclaim him as the symbol of Imperial union.

" But you came here, gentlemen, for two purposes. You have come here, of course, to take your part—and a very prominent part—in the ceremonies of the Coronation as the representatives of the great nations across the seas, but you have also come for the purpose of a business Conference which we open to-day.

" I cannot, I think, over-estimate the importance of such conferences as these. Even if they should lead to nothing absolutely substantial in the way of practical resolutions, yet at the same time I am convinced that they are of infinite value and a great gain to the whole Empire, inasmuch as they afford an opportunity for a review of the policy of the Empire by the representatives of the great self-governing Colonies. It is natural that I should, at this time, recall our previous Conference in 1897. I find that of the twelve gentlemen who took part in that most interesting Conference only four are with us to-day. One of our then colleagues, Mr. Harry Escombe, has since died. The Empire has been deprived of his services, and all those of us who had the opportunity of making his acquaintance and of appreciating his charming personality, will join in the regret which was so greatly felt in his own Colony. But the main changes in our Conference result from political vicissitudes, and, above all, from the very welcome Federation of the Australian Commonwealth. But although we are lessened in number from that change in composition, I believe that we are all animated by the same spirit, that we all have the same paramount object at heart, namely, if we possibly can, to draw closer the bonds which unite us, and to confirm and establish that Imperial unity upon which the security, and, I think I may add, the very existence of the Empire depends. I say our paramount object is to strengthen the bonds which unite us, and there are only three principal avenues by which we can approach this object. They are: Through our political relations in the first place; secondly, by some kind of commercial union. In the third place, by considering the questions which arise out of Imperial defence. These three great questions were considered at the last Conference, and I think it is clear they must form the principal subject of our deliberations on this occasion, and, indeed, of those of any future conferences which may afterwards be held.

Political Relations.

" Now, as to the first point—the question of our political relations. In 1897 the Premiers came to three resolutions. They resolved, in the first place, with, I think, two dissentients, that our present arrangements are satisfactory under existing conditions. They passed a resolution, in the second place, in favour of a federal union of all Colonies geographically connected, and we rejoice that that aspiration, at any rate, has been accomplished so far as Australia is concerned, and, I think, I may say that it is now almost in sight

in the case of South Africa. And, thirdly, they resolved that it was desirable that periodical conferences of a similar character should be held for the consideration of matters of common interest. Well, then, gentlemen, what I put to you is, Can we make any advance to-day upon these proposals? I may be considered, perhaps, to be a dreamer, or too enthusiastic, but I do not hesitate to say that, in my opinion, the political federation of the Empire is within the limits of possibility. I recognise as fully as anyone can do the difficulties which would attend such a great change in our constitutional system. I recognise the variety of interests that are concerned: the immense disproportion in wealth and the population of the different members of the Empire, and, above all, the distances which still separate them, and the lack of sufficient communication. These are difficulties which at one time appeared to be, and indeed were, insurmountable. But now I cannot but recollect that similar difficulties almost, if not quite as great, have been surmounted in the case of the United States of America. And difficulties, perhaps not quite so great, but still very considerable, have been surmounted in the federation of the Dominion of Canada, and therefore, I hold that as we must put no limits to science, as the progress which has already been made is only an indication of the progress which may be made in the future, I hold and say that these difficulties may be overcome, and at all events that we should cherish this ideal of closer union in our hearts, and that, above all, we should do nothing, either now or at any future time, to make it impossible. We have no right to put by our action any limit to the Imperial patriotism of the future; and it is my opinion that, as time goes on, there will be a continually growing sense of the common interests which unite us, and also, perhaps, which is equally important, of the common dangers which threaten us. At the same time I would be the last to suggest that we should do anything which could by any possibility be considered premature. We have had, within the last few years, a most splendid evidence of the results of a voluntary union without any formal obligations, in the great crisis of the war through which we have now happily passed. The action of the self-governing Colonies in the time of danger of the motherland has produced here a deep and a lasting impression. We are profoundly grateful to you for what you have done. It has created a sense of reciprocal obligation. It has brought home to all of us the essential unity of the sentiment which unites us and which pervades all parts of His Majesty's dominions. And I am glad on this occasion to recognise the material aid which you have afforded. I propose to lay on the table a document which I think will be interesting, and which shows in a comparative form the assistance which has been given to us, both in men and in money, by the self-governing Colonies. It is a remarkable testimony to their loyalty and their devotion to the Imperial interests. But I, myself, greatly as I value this aid, clearly as I recognise the assistance which it has been to us, and the splendid quality of the troops that you have sent, and their splendid behaviour when tested on the field of battle—I attach more importance to the moral support which we have always received from you. That has been a splendid answer, and when foreign countries have competed, as they have done, in a campaign of malignant misrepresentation, it has been something for us, who have represented the interests of the United Kingdom, to be able to point to the unbiassed testimony which has been given by the free Colonies and dominions of the Empire to the righteousness of our cause. I feel, therefore, in view of this it would be a fatal mistake to transform the spontaneous enthusiasm which has been so readily shown throughout the Empire into anything in the nature of an obligation which might be at this time unwillingly assumed or only formally accepted. The link which unites us, almost invisible as it is, sentimental in its character, is one which we would gladly strengthen, but at the same time it has proved itself to be so strong that certainly we would not wish to substitute for it a chain which might be galling in its incidence. And, therefore, upon this point of the political relations between the Colonies and ourselves, His Majesty's Government, while they would welcome any approach which might be made to a more definite and a closer union, feel that it is not for them to press this upon you. The demand, if it comes, and when it comes, must come from the Colonies. If it comes it will be enthusiastically received in this country.

"And in this connection I would venture to refer to an expression in an eloquent speech of my right honourable friend, the Premier of the Dominion of Canada—an expression which has called forth much appreciation in this country, although I believe that Sir Wilfrid Laurier has himself in subsequent speeches explained that it was not quite correctly understood. But the expression was, "If you want our aid call us to your Councils." Gentlemen, we do want your aid. We do require your assistance in the administration of the vast Empire which is yours as well as ours. The weary Titan staggers under the too vast orb of its fate. We have borne the burden for many years. We think it is time that our children should assist us to support it, and whenever you make the request to us, be very sure that we shall hasten gladly to call you to our Councils. If you are prepared at any time to take any share, any proportionate share, in the burdens of the Empire, we are prepared to meet you with any proposal for giving to you a corresponding voice in the policy of the Empire. And the object, if I may point out to you, may be achieved in various ways. Suggestions have been made that representation should be given to the Colonies in either, or in both, Houses of Parliament. There is no objection in principle to any such proposal. If it comes to us, it is a proposal which His Majesty's Government would certainly feel justified in favourably considering, but I have always felt myself that the most practical form in which we could achieve our object, would be the establishment or the creation of a real Council of the Empire to which all questions of Imperial interest might be referred, and if it were desired to proceed gradually, as probably would be our course—we are all accustomed to the slow ways in which our Constitutions have been worked out—if it be desired to proceed gradually, the Council might in the first instance be merely an advisory council. It would resemble, in some respects, the advisory council which was established in Australia, and which, although it was not wholly successful, did nevertheless pave the way for the complete federation upon which we now congratulate them. But although that would be a preliminary step, it is clear that the object would not be completely secured until there had been conferred upon such a Council executive functions, and perhaps also legislative powers, and it is for you to say, gentlemen, whether you think the time has come when any progress whatever can be made in this direction.

"In the absence of any formal constitution of the Empire, the nearest approach to such a Council is to be found in the Conference which we open to-day—a conference, a meeting, of the principal representatives of the motherland and also of the nations which, together with the United Kingdom, constitute the Empire. And I observe upon the paper of subjects which will be distributed to you, and of which notice has been given for consideration at further meetings of the Conference, that the Premier of New Zealand, on behalf of that Colony, has made a proposal for transforming these conferences—which have been held hitherto rather casually, and only in connection with special occasions into a periodical meeting. If this were done, or if an Imperial Council were established, it is clear that the two subjects which would immediately call for its attention are those which I have already mentioned—of Imperial defence and commercial relations. And we invite your special attention to these two subjects on the present occasion.

Imperial Defence.

Appendix I. "As regards Imperial defence, I propose to lay before you, for your information, a paper which will show the comparative amount of the ordinary naval and military expenditure of the United Kingdom and of the different self-governing Colonies. You will find that in the case of the United Kingdom the cost of our armaments has enormously increased since 1897. That increase is not entirely due to our initiative, but it is forced upon us by the action of other Powers who have made great advances, especially in connection with the Navy, which we have found it to be our duty and necessity to equal. But the net result is extraordinary. At the present moment the Estimates for the present year for naval and military expenditure in the United Kingdom—not including the extraordinary war expenses, but

the normal Estimates—involve an expenditure per head of the population of the United Kingdom of 29*s.* 3*d.*—29*s.* 3*d.* per head per annum.

"SIR WILFRID LAURIER: Is the military and naval together?

"THE SECRETARY OF STATE: Military and naval together. In Canada the same items involve an expenditure of only 2*s.* per head of the population, about one-fifteenth of that incurred by the United Kingdom. In New South Wales—I have not the figures for the Commonwealth as a whole, but I am giving those as illustrations—and I find that in New South Wales the expenditure is 3*s.* 5*d.*; in Victoria, 3*s.* 3*d.*; in New Zealand, 3*s.* 4*d.*; and in the Cape and Natal, I think it is between 2*s.* and 3*s.* Now, no one, I think, will pretend that that is a fair distribution of the burdens of Empire. No one will believe that the United Kingdom can, for all time, make this inordinate sacrifice. While the Colonies were young and poor, in the first place they did not offer anything like the same temptation to the ambitions of others, and, in the second place, they were clearly incapable of providing large sums for their own defence, and therefore it was perfectly right and natural that the mother country should undertake the protection of her children. But now that the Colonies are rich and powerful, that every day they are growing by leaps and bounds, their material prosperity promises to rival that of the United Kingdom itself, and I think it is inconsistent with their position—inconsistent with their dignity as nations—that they should leave the mother country to bear the whole, or almost the whole, of the expense. Justification of union is that a bundle is stronger than the sticks which compose it, but if the whole strain is to be thrown upon one stick, there is very little advantage in any attempt to put them into a bundle. And I would beg of you in this relation to bear in mind that you are not asked—your people are not asked—to put upon their own shoulders any burden for the exclusive advantage of the mother country. On the contrary, if the United Kingdom stood alone, as a mere speck in the northern sea, it is certain that its expenditure for these purposes of defence might be immensely curtailed. It is owing to its duties and obligations to its Colonies throughout the Empire; it is owing to its trade with those Colonies, a trade in which of course they are equally interested with ourselves, that the necessity has been cast upon us to make these enormous preparations. And I think, therefore, you will agree with me that it is not unreasonable for us to call your serious attention to a state of things which cannot be permanent. I hope that we are not likely to make upon you any demand which would seem to you to be excessive. We know perfectly well your difficulties, as you probably are acquainted with ours. Those difficulties are partly political, partly, principally, probably, fiscal difficulties, The disproportion to which I have called your attention, cannot, under any circumstances, be immediately remedied, but I think that something may be done—I hope that something will be done—to recognise more effectually than has hitherto been done the obligation of all to contribute to the common weal. In respect to this matter we again owe it to the initiative of the Government of New Zealand that proposals have been laid before us for our consideration. I myself intend to circulate papers which bear upon the subject, and which will explain to you the views which are taken by the Admiralty and the War Office upon these matters, and at subsequent meetings of this Conference I shall, with your permission, invite the attendance of representatives of these Departments, and I hope at the same time you may see fit to bring with you any Ministers or other officials whose advice and assistance you would desire in the consideration of the matter.

COMMERCIAL RELATIONS.

"I pass on, then, gentlemen, to the second point—the question of commercial relations, and in regard to this I wish to say, what I have already stated in answer to inquiries which I received before the Conference, that every question is an open question for full and free discussion. We rule nothing

out of order. We do not pretend to bar the consideration of any subject whatever its purport may be, but we do not propose, ourselves, to formulate any proposals in the first instance. We think it is absolutely necessary in a matter of this kind which involves so many considerations of detail, that there should be in the first instance a free interchange of opinion in order that we may not put before you suggestions which perhaps we should find afterwards were altogether out of harmony with your views, but if it appears hereafter desirable, after full discussion, to make proposals, I have no doubt we shall be able to do so.

"In reference to this matter, also, I am placing papers before you which will give you a very full account of the present state of trade between the Colonies and the mother country, and also a matter which is very important for us to consider, of the condition of trade between the United Kingdom and foreign countries; and, without going into detail, I would say there are two salient facts which appear on the surface of these fuller returns which I shall put before you. The first is this. That if we chose—that is to say, if those whom we represent chose—the Empire might be self-sustaining. It is so wide; its products are so various; its climates so different, that there is absolutely nothing which is necessary to our existence, hardly anything which is desirable as a luxury, which can not be produced within the borders of the Empire itself. And the second salient fact is that the Empire at the present time, and especially the United Kingdom—which is the great market of the world—derives the greater part of its necessaries from foreign countries, and that it exports the largest part of its available produce—surplus produce—also to foreign countries. This trade might be the trade, the inter-imperial trade, of the Empire. It is at the present time, as I say, a trade largely between the Empire and foreign countries. Now, I confess, that to my mind that is not a satisfactory state of things, and I hope that you will agree with me that everything which can possibly tend to increase the interchange of products between the different parts of the Empire is deserving of our cordial encouragement. What we desire, what His Majesty's Government has publicly stated to be the object for which they would most gladly strive, is a free interchange. If you are unable to accept that as a principle, then I ask you how far can you approach to it? If a free interchange between the different parts of the Empire could be secured it would then be a matter for separate consideration altogether what should be the attitude of the Empire as a whole or of its several parts towards foreign nations? The first thing we have to do, the thing which touches us most nearly, is to consider how far we can extend the trade between the different parts of the Empire—the reciprocal trade.

"Our first object then, as I say, is free trade within the Empire. We feel confident—we think that it is a matter which demands no evidence or proof, that if such a result were feasible it would enormously increase our inter-imperial trade; that it would hasten the development of our Colonies; that it would fill up the spare places in your lands with an active, intelligent, and industrious, and, above all, a British, population; that it would make the mother country entirely independent of foreign food and raw material. But when I speak of free trade it must be understood that I do not mean by that the total abolition of Customs duties as between different parts of the Empire. I recognise fully the exigencies of all new countries, and especially of our self-governing Colonies. I see that your revenue must always, probably, and certainly for a long while to come, depend chiefly upon indirect taxation. Even if public opinion were to justify you in levying direct taxation, the cost of collecting it in countries sparsely populated might be so large as to make it impossible. But in my mind, whenever Customs duties are balanced by Excise duties, or whenever they are levied on articles which are not produced at home, the enforcement of such duties is no derogation whatever from the principles of Free Trade as I understand it. If, then, even with this limitation, which is a very important one, which would leave it open to all Colonies to collect their revenues by Customs duties and indirect taxation, even if the proposal were accepted with that limitation, I think it would be impossible to over-estimate the mutual advantage which would be derived from it, the stimulus to our

common trade and the binding force of the link which such a trade would certainly create.

"But, gentlemen, I am, unfortunately, aware that up to the present time no proposal so far-reaching has come to us from any of the Colonies. Three proposals have been made for the consideration of the present Conference, also on the initiative of New Zealand. The first and the most important one, is that a preferential tariff should be arranged in favour of British goods which are now taxable in the respective Colonies and in the United Kingdom. And although no proposal comes to us from Canada, I am, of course, aware that similar questions have been recently specially discussed very actively and very intelligently in the Dominion, and that a strong opinion prevails there that the time is ripe for something of this kind. And, therefore, with your permission, I would propose to examine this proposition, not in details, but so far as its general principles are concerned. In 1897 I would remind you that the Premiers then unanimously undertook to consult with their colleagues, and to consider whether a preference might not be given on their Customs tariff for goods imported from the United Kingdom. This was a proposal without any reciprocal obligation. It was regarded by the Premiers at the time as a proposal which might be made in consideration of the fact that the United Kingdom was the largest and the best and the most open market in the world for all the products of the Colonies. But nothing whatever has come of the resolution up to the present time. No step has been taken to give any effect to it. That, I think, is due partly to circumstances which we could not have anticipated, partly, indeed, to the Federation of Australia, partly also to the existence of the war, but it is a question which, no doubt, may now be taken up with a greater hope of something coming from it.

"But in Canada, before the Conference of 1897, the Canadian Government had decided to give us a preference which then amounted to 25 per cent., and this subsequently was increased to 33⅓ per cent. This was a preference voluntarily accorded by Canada on British taxable goods imported into the Dominion. Canada therefore has anticipated the general proposal of the Premiers, and the time which has elapsed has been sufficient to enable us to form a judgment of the effect of an arrangement of this kind, and I have to say to you that while I cannot but gratefully acknowledge the intention of this proposal and its sentimental value as a proof of good will and affection, yet that its substantial results have been altogether disappointing to us, and I think they must have been equally disappointing to its promoters.

"I shall circulate to you another paper which contains very fully the whole of the statistics showing the course of trade in Canada since 1897, and the results of the preferential tariff. But I may give you in a word or two the most important conclusions. I am comparing now the import trade of British goods into Canada in the year 1896–97, with the last year for which I have the returns—1900-1901. The total imports of Canada increased in that period 14,500,000*l.* (sterling), and the rate of 62 per cent. That shows an enormously increased prosperity in the Dominion; it shows how the energy of its inhabitants is developing its trade. Fourteen and a half millions and sixty-two per cent.; if you will kindly bear in mind those figures as showing the total result of all the import trade. Of that the Free Trade, upon which no duty is levied and upon which therefore no preference is given to British goods, increased 6,250,000*l.*, or at the rate of 67 per cent. The general trade, that is the trade from foreign countries, which came under the general tariff, also increased 6,250,000*l.* or at the rate of 62 per cent. But the preferential trade—the trade upon which this advantage had been given to British goods, only increased in the same time 2,000,000*l.*, and only at the rate of 55 per cent. So that the rate of increase under the preferential tariff was actually less than under the general tariff and also under the free tariff. Or taking it in another way, the total increase of the trade of Canada with foreigners during the period named, this is including both the trade subject to the tariff and also the free trade, was 69 per cent., while the total increase of British trade was only 48 per cent. Appendix VIII.

"Well, now, what is the cause of this? Up to 1885 British exports steadily increased to the Dominion of Canada. Then the Government of the day adopted a very severe protective tariff, which by the nature of things, perhaps,

specially affected British goods. We are not the exporters, as a rule, of raw materials, or of food. We, therefore, do not export the articles which Canada freely imports. We export manufactured goods, and it was against manufactured goods that the tariff was intentionally, I suppose, directed. The result of that was, that there immediately set in a continuous and rapid decline in the importation of British goods into Canada. Now, the preference which was given in 1897 has checked the decline, but there is very little increase. Practically the checking of that decline is the whole result which we can recognise as having followed the generous intentions of the Canadian Government. Foreign produce at the present time in Canada has still a lower average tariff than British produce, no doubt due to the fact that the foreign produce is, as I have said, as a rule, of a character upon which lower duties are ordinarily levied; but the result is that while foreign imports have largely increased the British imports have largely decreased. But now I want to point out another thing which I think will be of great importance, and which I am sure the Government of Canada must have taken into their serious consideration. What return has been made to them by the foreigner for the advantage which the foreigner has derived from their tariff? The exports from Canada to foreigners have decreased 40 per cent., while the exports from foreigners to Canada have, as I have said, largely increased. On the other hand, in spite of the tariff, in spite of everything in the natural course of trade and communication, the exports to the United Kingdom have increased 85 per cent. in 15 years, and the net result, which I desire to impress upon you, is that in spite of the preference which Canada has given us, their tariff has pressed, and still presses, with the greatest severity, upon its best customer, and has favoured the foreigner who is constantly doing his best to shut out her goods.

"Now what is the present position? I believe it is true of Canada, it is true, I believe, of every Colony, we take already, by far, the largest proportion of Colonial exports, but there is not the least doubt that we might double or treble the amount that we take, but we cannot do so until we have the reciprocal advantage, and until you take in exchange a larger proportion of our goods, and so enable us to pay for the imports which we should receive from you. And I think the very valuable experience, somewhat disappointing and discouraging as I have already pointed out, but the very valuable experience which we have derived from the history of the Canadian tariff, shows that while we may most readily and most gratefully accept from you any preference which you may be willing voluntarily to accord to us, we cannot bargain with you for it; we cannot pay for it unless you go much further and enable us to enter your home market on terms of greater equality. I am making that statement as a general statement, but I am well aware that the conditions of the Colonies vary immensely, and that a good deal of what I have said does not apply to the Colony of the Cape or the Colony of Natal. But so long as a preferential tariff, even a munificent preference. is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets, especially if the articles in which the foreigners are interested come in under more favourable conditions.

"Now I have said that New Zealand has made three proposals for our consideration. As regards the other points they involve a great deal of detail, and therefore I should wish to reserve any observations which I may have to make upon them, except to call special attention to the proposals of New Zealand, that we should consider the question of communications between the Colonies and the mother country. I think at the present time that is a question of supreme importance. The bounties which other countries are lavishly giving to their shipping constitutes a real danger to inter-imperial trade; these bounties constitute an unfair competition. It has been said sometimes that the trade follows the flag, and that has been disputed. I am afraid it does not do so necessarily and certainly as we should desire, but trade does follow the shipping, and if by any cause and by any fault of ours the shipping transport between the Colonies and ourselves is allowed to get into foreign hands I can only say that, in my opinion, I think it will reduce materially the interchange of goods between ourselves and the Colonies, and

from every point of view, therefore, I regard it as most important that the Conference should give special attention to this proposal of New Zealand.

"Gentlemen, I think I have said all, perhaps, even more, than I need to have said in opening this Conference. In conclusion, I would add that I cannot conceal from myself that very great anticipations have been formed as to the results which may accrue from our meeting. Possibly those anticipations are too sanguine; possibly they have been formed by persons who are insufficiently acquainted with our difficulties, and do not make allowances for the obstacles in our way. The questions have, I think, occupied greater attention in this country than they have, perhaps, at present in the Colonies, which have been taken up with matters of more exclusively domestic concern. But, here, no doubt, there is a readiness, and I would say an anxiety, to see these important questions dealt with, and dealt with in a fashion which will bring us more closely together. We, in the United Kingdom, for centuries past have been holding our house like a strong man armed against all our enemies. We have felt throughout all the period the burdens as well as the privileges and advantages of empire. We see now that all other nations are also arming to the teeth. I want you to consider for a moment what is the present position of the smaller nations with whom in population you may more closely compare yourselves. What is the position of such nations in Europe as Greece, the Balkan States, or Holland, or the South American Republics? Why, gentlemen, they are absolutely independent nations, accordingly they have to bear burdens for their military or naval defences, or for both, as the case may be, to which yours bears no proportion whatever. I point out to you, therefore, that in the clash of nations you have hitherto derived great advantage, even from a purely material standpoint, from being a part of a great Empire. But the privileges which we enjoy involve corresponding obligations. The responsibilities must be reciprocal and must be shared in common, and I do not think that any empire may be said to be on a sure foundation which is not based upon recognised community of sacrifices. Gentlemen, I have perhaps, in some of my remarks, gone a little beyond my province, but I rely upon your kindness to excuse it. I thought it desirable in opening this Conference that some observations of a general character should be put before you, in order that you might see, as it were, into the minds of the Imperial Government. I do not know how far you will be prepared to proceed to-day with our deliberations. I imagine, at all events, you will reserve all discussion in detail to a subsequent period, and I shall be much obliged, if that is the case, if you would arrange with me what dates and what hours would be most convenient to you for our meetings, and any other matters connected with the conduct of the Conference which you would desire to bring forward."

Naval Defence.

It was decided that the first question that should be discussed was that of Naval Defence, as to which Mr. Seddon had given notice that he would move a resolution:—

> "That the Australian Squadron be strengthened (*a*) by increasing "the number of cruisers; (*b*) by withdrawing some of the inferior "gunboats, and replacing them with modern and better class cruisers; "and (*c*) by adding torpedo catchers or destroyers, if deemed necessary. "The extra cost of maintenance entailed to be defrayed in the same "proportion as provided under the existing agreements, and on "population basis."

His Majesty's Government had also been furnished with the accompanying memorandum by the Minister of Defence for the Commonwealth:—

Department of Defence,
Melbourne, 15th March 1902.

Minute to the Right Honourable the Prime Minister as to Naval Defence.

I have the honour to submit for consideration my views as to the means to be adopted so as to provide for the Naval Defence of Australia.

I.—Preliminary Observations.

1. It will, I think, be generally conceded that it is the duty of the Commonwealth to adequately contribute to the defence of Australia and of its floating trade. We admit this obligation in regard to our local military defence, but we must remember that naval forces require to be even more efficient than military forces, which have the great advantage of local knowledge to assist them in any active operations in their own country.

2. So long as the sea supremacy of the Mother Country is maintained Australia is fairly secure from invasion, but in time of war we would be exposed to attacks upon the floating trade and to raids on our coastal towns by powerful cruisers. It is therefore obligatory that adequate means should be taken to provide against such emergency.

3. Owing to the progress made by foreign Powers in the construction and maintenance of powerful sea-going cruisers, the present Auxiliary Squadron has become inadequate, and the Commonwealth is confronted with the immediate necessity of arranging for up-to-date naval protection being provided.

4. Rear-Admiral Sir Lewis Beaumont, Commander-in-Chief of the Australian Station, has already given his views on the present necessities of Australian Naval Defence in a letter to the Governor-General, which was presented to Parliament on 16th August 1901, from which I extract the following:—

"(1) I can give what, in my opinion, are the obligations of the Federal Government in respect of the Naval Defence of the Australian Commonwealth.

(*a.*) They should cause to be maintained on the Australian Station, as defined by the Admiralty, a squadron of at least six cruisers in commission, two of them first-class cruisers of 7,000 to 8,000 tons displacement, and the others second-class cruisers of the improved "Highflyer" type.

(*b.*) There should, in addition, be two such second-class cruisers in reserve.

(*c.*) These vessels ought to be replaced gradually by more modern vessels as the development of naval construction renders it desirable or the increase of foreign fleets makes it necessary.

(*d.*) The vessels should be under the Admiral in command of His Majesty's ships on the station, the crews subject to the Naval Discipline Act, and embarked under the same terms of engagement as in the Royal Navy.

(*e.*) The head-quarters of the squadron ought to remain at Sydney, owing to the repairing facilities and convenience of the existing depôts there, but the ships should be attached in turn for ordinary peace service, when not required for fleet exercises, to suitable ports in each State, where the Federal Government should give facilities for the gradual establishment of the secondary naval bases which will be essential in war as regards coal, stores, and repairs.

"The above gives, in broad lines, the naval force adequate for the Naval Defence of Australia at the present time. It will be seen, from the size and number of the ships required, from the necessity which will undoubtedly arise of replacing them from time to time by more modern ships, from the fact that they must be continuously manned by trained officers and men, and that the ships must not only be maintained in commission but must be gradually provided with new bases, that it is beyond the power of the Commonwealth at the outset to create such a force.

"(2) It follows, therefore, that such a force can only be acquired and maintained by arrangement with the Imperial Government, and I believe that if this course was adopted it would also follow that the greatest amount of good would be maintained at the smallest possible cost.

"(3) In view of the Federal Government providing for the immediate future an adequate and up-to-date sea-going fleet for the defence of Australian floating commerce and the protection of Australian territory, I consider that it should take no part in the creation or maintenance of Naval Reserves or State Naval Forces, which experience has shown cannot be utilized in a manner at all commensurate with their cost, or assist, except within too narrow limits, in the defence of the Commonwealth.

"The future may see the creation of an Australian Navy, but for the present the safety and welfare of the Commonwealth require that the Naval Force in Australian waters should be a sea-going fleet of modern ships, fully equipped, fully manned with trained crews, homogeneous as to type and personnel, and under one command.

"For the Federal Government to form out of the existing naval organisations a permanent force as the nucleus of the Naval Defence Force, the main body of which would be derived from Naval Brigades, as suggested in your Excellency's letter, would not be sufficient, unless the force is only intended to supplement the crews of His Majesty's ships in war; if not, then modern ships would have to be provided and maintained by the Federal Government for the officers and men of the Commonwealth Naval Force, in which they could be trained at sea, and a part maintained at all times in a state of efficiency and readiness for war, a system which would be much more costly and less efficient than if the ships and men were provided by arrangement with the Imperial Government."

We have in the above clear statement of Admiral Beaumont the opinion of an able and experienced naval officer on the question, and it is fortunate that we have been placed in possession of his views, inasmuch as they represent an expert and impartial opinion worthy of the greatest respect and entitled to the fullest consideration.

II.—Existing Naval Forces.

5. The Commonwealth has taken over the local naval forces from the States of New South Wales, Victoria, Queensland, and South Australia, which are at present maintained at an annual cost of about 75,000*l*. These forces consist of 242 permanent officers and men and 1,637 partially-paid members of naval brigades.

6. For years past no means have been provided in New South Wales for giving to the local naval force any sea training. They have no ships and are, therefore, merely sailors drilled on shore, and would be of little value as a naval force in time of war. In Victoria there is the harbour defence ship, "Cerberus," and four torpedo-boats, but the existing means are inadequate for obtaining effective sea training for the men. In Queensland there are the gun-boats, "Gayundah" and "Paluma," and in South Australia there is the gun-boat, "Protector," and in both of these States a limited amount of sea training is carried out. The Colonial Defence Committee has stated, with regard to these local harbour defence ships, that it is difficult to obtain from them an effect commensurate with the outlay entailed.

7. These local forces, maintained under existing conditions, appear, therefore, to be of small value for naval defence, and if they are to be organised in the future, so as to provide a force of trained seamen, available for supplementing the crews and for the manning of sea-going cruisers in time of war, suitable ships must be provided in which to train the officers and men at sea.

III.—Recommendations for Immediate Future.

8. Whatever may be done in the future, if we accept, as I think we must, Admiral Beaumont's opinion, that "it is beyond the power of the Common-" wealth at the outset to create a force adequate for the Naval Defence of

" Australia, and that such a force can only be acquired and maintained by " arrangement with the Imperial Government," it is absolutely necessary, for a time at any rate, to depend upon the Royal Navy for our naval defence. The Commonwealth under the existing agreement pays the Admiralty 106,000*l.* a year, and New Zealand pays 20,000*l.* a year; but, as a more powerful fleet is required, a greater contribution will be necessary under a new arrangement. I am informed that the cost of the annual maintenance of the " Royal Arthur " alone is more than our whole contribution of 106,000*l.*

9. I would recommend that until a more permanent basis for the Naval Defence of the Empire is decided upon, the Naval Defence of the Commonwealth be carried out on the following basis:—

(*a.*) That the existing agreement with the Imperial Government be readjusted and extended for ten years (unless cancelled sooner by mutual consent). The number and class of ships to be stationed in Australian waters, the annual contribution, and all other matters to be definitely dealt with in such revised agreement.

(*b.*) That the existing Naval Militia forces be made effective for supplementing the manning of sea-going ships in time of war, and that two ships commanded by officers of the Royal Navy be allotted by the Admiralty for their naval instruction, and with that object to visit the various ports throughout the year. The militia naval forces to be available for the protection of the Commonwealth on land as well as on sea.

(*c.*) That expert opinion be obtained as to what extent the " Cerberus," " Protector," gunboats, torpedo boats, and existing armaments can be profitably utilised.

(*d.*) That the permanent naval defence forces now existing in Victoria, New South Wales, and Queensland be reduced in strength, and only a staff sufficient for the instruction of the Naval Militia on shore be retained.

It would seem to be absolutely necessary that in any such new arrangement provision should be made for one or two powerful cruisers to be stationed in Australian waters capable of successfully resisting an attack by similar warships of foreign nations.

IV.—Proposal for an Australian Navy.

10. If it were desirable for Australia to have a navy of her own, maintained altogether by the Commonwealth, we could in that case buy our own ships of war, man them in our own way, and be quite independent of the Imperial Navy.

11. In order to provide even the small squadron proposed by Admiral Beaumont of two first-class and six second-class cruisers, together with depôts and stores, would probably cost 3,600,000*l.* on the following basis:—

Two first-class cruisers - - - - -	£1,000,000
Six second-class cruisers - - - - -	2,500,000
Depôts and stores, viz., naval yards, &c. - -	100,000
Total capital cost - - - -	£3,600,000

12. The maintenance of this squadron in Australian waters, if fully manned and equipped in a way that would enable it to engage successfully the first-class cruisers of the enemy, with two of the second-class cruisers in use for training, say 2,000 men of the Naval Militia, would probably amount to about one million a year, including interest at 5 per cent. per annum on the capital cost.

13. It has been proposed, and the plan is much favoured by some, that during time of peace a squadron thus organised should only be manned with sufficient men to maintain the ships in working efficiency, and should be wholly employed in training the Naval Militia, and that in time of war it should be fully manned by such Naval Militia collected from the several ports of the Commonwealth. There would no doubt be a saving in maintenance by this course, but Admiral Beaumont is of opinion that a squadron

thus mobilised and manned would not be able to meet on equal terms the powerful cruisers with highly-trained crews that would be certain to be used against us, and that "for the present the safety and welfare of the Common-"wealth require that the Naval Force in Australian waters should be a "sea going fleet of modern ships, fully equipped, fully manned with trained "crews, homogeneous as to type and personnel, and under one command."

14. I am not prepared to recommend under existing conditions the establishment of an Australian Navy. Even if it were established, I am afraid it would not be very efficient, for besides the enormous cost of replacing the fleet from time to time with more modern ships, there would be no change for the officers and crews, who would go on year after year in the same ships, subject to the same influences, and, I fear, with deteriorating effects.

V.—The Permanent Naval Defence of the Empire.

15. In regard to defence we must altogether get rid of the idea that we have different interests to those of the rest of the Empire, and we must look at the matter from a broad common standpoint. If the British nation is at war, so are we; if it gains victories or suffers disasters, so do we; and therefore it is of the same vital interest to us as to the rest of the Empire that our supremacy on the ocean shall be maintained. There is only one sea to be supreme over, and we want one fleet to be mistress over that sea.

16. We are bound also to consider and to fully realise that we belong to a nation which for centuries has been mistress of the sea, and that the position we occupy in Australia to-day in being all British territory, and having always enjoyed peace and security, is absolutely attributable to the protection given to us by the British flag.

17. We are accustomed to travel about the world for the purpose of trade or in pursuit of pleasure, and to feel when we visit foreign countries that our lives and property are secure and in specially safe keeping. We then realise fully the great privilege and advantage of being a British subject, and feel proud when we see the flag of our mother land everywhere in evidence, ready, willing, and able to protect us.

18. Our aim and object should be to make the Royal Navy the Empire's Navy, supported by the whole of the self-governing portions of the Empire, and not solely supported by the people of the British Isles, as is practically the case at the present time. It is, I think, our plain duty to take a part in the additional obligations cast upon the Mother Country by the expansion of the Empire, and the extra burdens cast upon her in maintaining our naval supremacy.

19. If a proposal were adopted that the Empire should have one fleet maintained by the whole nation, every part contributing to its support on some plan to be mutually arranged, probably on that of the comparative trade of each country, and not necessarily on an uniform basis of contribution, what a splendid idea would be consummated, and what a bulwark for peace throughout the world would be established! Besides which, we would be doing our duty to the Mother Country, which has been so generous to us during all our early years.

20. If the Federations of Canada and Australia and the Colonies of South Africa and New Zealand were to agree to this great principle of one fleet for the Empire's Naval Defence, then the question of contributions and all other matters connected with it could be afterwards arranged by mutual agreement. I cannot think that for Canada and Australia to each have a few war ships, and the Cape and New Zealand a few also, each independent of the other, is a plan suited to Empire; such a plan would seem to be in accord with the actions and sentiments of a number of petty States rather than in accord with the necessities and aspirations of a great free united people.

21. If such a plan can be brought about, it would be necessary for the "British Dominions beyond the Seas" to be adequately represented at the Admiralty, and I feel sure this could be arranged on a mutually satisfactory basis. In time of war there could not be any division of responsibility,

and, until a more extended federation of the Empire is established, that responsibility would have to rest upon the Imperial Government.

22. It would be advisable that means should be provided for training boys in Canada, Australia, and other places, and for the drafting into the Navy of a certain number annually, and greater facilities might possibly be given for officers entering the Navy. By these means the personnel of the Navy would consist to some extent of British subjects from different parts of the Empire, and this might in time have the effect of a greater personal interest in the Navy being taken by the people living outside the British Isles than has hitherto been the case when all have been recruited from the Mother Country.

23. Great Britain spends annually on her Army and Navy about 50,000,000*l.* (not including the South African war), or about 1*l.* 5*s.* per head of her population. If the Australian Commonwealth contributed in the same proportion it would amount to something like 5,000,000*l.* a year, whereas our entire military and naval defence vote does not exceed 800,000*l.* a year, or only about 4*s.* per head of our population.

24. It may, of course, be said that in building up another Britain in the Southern Hemisphere, thus providing another home for our countrymen, and by extending British influence and trade, we have been doing a greater work for the Empire than by contributing towards Imperial naval defence, but I think the time has gone by for us to use such arguments, as both duty and stern necessity require that we shall stand shoulder to shoulder with the Motherland in the determination to maintain inviolate the integrity of the Empire. That this is the sentiment deep-rooted in the hearts of the Australian people has, I am proud to say, been shown during the South African war, which we have made our own, proving unmistakably to the world that our interests in war as well as in peace are indissolubly bound up with the country from which our fathers came, and to which we are all proud to belong.

25. I would suggest that the Imperial Government should be consulted as to the advisability of holding a Conference in London, at which representatives from Canada, the Cape, New Zealand, and Australia might be asked to discuss and if possible arrive at a conclusion as to the views herein set forth, or any others that may be submitted having for their object the strengthening of the Naval Defence of the Empire, and that the conclusions arrived at should be then forwarded for the consideration of the Governments and Parliaments concerned.

JOHN FORREST,
Minister of State for Defence.

The Admiralty had furnished the memorandum appended for the information of the Conference, and the First Lord attended at the second meeting and made the following statement in further explanation and support of the considerations which govern the policy of the Board of Admiralty in regard to the control and distribution of the naval forces of the Empire:—

Appendix IV.

"Mr. Chamberlain and gentlemen, the Admiralty has circulated a memorandum which I think you all have before you. We endeavoured in the memorandum to confine ourselves to setting forward the nature of the problem which the Admiralty has to face on behalf of the Empire, and to indicate the extent of the burden which is thrown on the Mother Country. I need not say that I shall be happy to answer any questions that any of the Colonial Premiers here present might wish to ask in elucidation of the general principle, and the facts stated in the memorandum. I would propose, if Mr. Chamberlain and the Premiers agreed, that when the Admiralty come to a detailed discussion with any Colony or group of Colonies, that those discussions should be held separately. The Admiralty is entirely at the disposal of Ministers if they will be kind enough to visit us and discuss the problem with us so far as it concerns their own Colony. To-day I will merely endeavour to lay emphasis on two points

which are contained within this memorandum. The first on which I would lay the greatest possible stress is, the reason why we have eliminated from this memorandum any allusion to the word "defence." There was a time in this country, not so very long ago either, when naval strategists regarded the naval problem mainly from the point of view of defence. That, I submit, is altogether heretical. The real problem which this Empire has to face in the case of a naval war is simply and absolutely to find out where the ships of the enemy are, to concentrate the greatest possible force where those ships are, and to destroy those ships. That is the only possible method of protecting this Empire from the efforts which other navies may make to damage her commerce or her territory. It follows from this that there can be no localisation of naval forces in the strict sense of the word. There can be no local allocation of ships to protect the mouth of the Thames, to protect Liverpool, to protect Sydney, to protect Halifax. If we make any such attempt of the kind we should only be inviting disaster. It follows also that whatever local distribution of forces may be advisable and feasible in time of peace, in time of naval war there must be only one authority with full power and responsibility to the Empire to move the ships, to concentrate them where they can deal the most effective blow against the forces of the enemy, and that any separation of responsibility, any diminution of the power of that central authority, any risk of hesitation or delay in making a conjunction of the squadrons where they can deal the most effective blow, might have disastrous consequences.

"The second point on which I want to lay special stress is this. At present there is only one agreement between the Imperial Government and any group of Colonial Governments in respect of naval affairs, although we have received generous—and independently proffered—aid from the Cape and from Natal—I allude to the Australasian Agreement. Now, gentlemen, I attach great importance to that agreement, because the statesmen who negotiated it and signed it have led the way in what I may call the Imperial consideration of this question of naval policy. But like every document that commences a policy, it has faults, and to my mind there is no fault greater in it than this, that the relations of the Australasian Governments to the Imperial are simply that of the man who pays to the man who supplies. The Australasian Governments pay us a certain contribution; for this contribution we supply them with a certain article. Now, this is good so far as it goes, but it does not, to my mind, go far enough. It does not give our New Zealand and Australian fellow-countrymen the sense of personal interest, of personal possession, in the British Navy, which I most of all desiderate for the future, and I want, not only the Colonial Governments to understand that on the naval protection of the Empire, exercised through a wise naval strategy, depends our future existence as a United Empire, but I want them to regard the navy as their own, at least, as much as ours, and with that object I wish to see in the Navy more Colonial officers and a contribution of Colonial seamen. I want, in fact, if I may use such a term, to increase the maritime spirit of the Empire. After all we are not in this country all sailors, yet we are all imbued with the maritime spirit. Here you have the great colonies covering vast geographical tracts of country; is there not a danger that in the far interior, unless we take precautions, the maritime spirit may be lost? I want to bring Australasia, Canada, and South Africa to understand, in the sense that the average Englishman understands it, that the sea is the one material source of our greatness and our power; the main bond of union; the real source of our strength—if I may use such a mixed metaphor—that the sea is to the Empire as the breath of life; but it cannot be done, I opine, so long as we are only receivers of money. I want to see from all parts of the Empire a personal contribution to the Navy, so that it may not only be an abstract Admiralty to govern the Navy, but an Admiralty that has won the confidence of the Colonies, because the Colonies understand its policy, and because in each Colony there are officers and men belonging to the Navy—an integral portion of the Navy. Those are the two points, gentlemen, on which I wish to lay special stress, and I can only conclude, as I began, by saying I am here at your service to answer any questions which you may wish to address to me.

"The SECRETARY OF STATE: Do you propose to lay any definite suggestions at this stage of the Conference?

"The FIRST LORD OF THE ADMIRALTY: We are, of course, prepared with definite suggestions. I did not know whether you would like to have them raised in general form at the meeting or whether they should be raised separately between the Admiralty and Canada and New Zealand and the Commonwealth of Australia and Natal and the Cape. We have them here if the Conference desires to have them.

"The SECRETARY OF STATE: I take it that the details in any case would have to be discussed probably separately, and that that would be the most convenient and the quickest way of getting through our business; but I think that the Conference would probably like to discuss the general principles. What I rather anticipated was that you might be prepared to express in general terms what the Admiralty conceived would be the best scheme for carrying out the object which you have described, and also that we should take up the actual motion which is before the Conference in the name of the Premier of New Zealand. I do not know whether I am speaking the views of my colleagues, but I imagine they would like to have your proposals as well as the proposals of New Zealand before them before a general discussion begins.

"The FIRST LORD OF THE ADMIRALTY: Well, then, if I may supplement my remarks on the suggestion of Mr. Chamberlain, of course I start with the Australasian Agreement. Sir John Forrest and the Commander-in-Chief of the Australian station, Sir Lewis Beaumont, have had many conferences on this subject. The memorandum which is now being circulated gives to the Conference the effect of carrying out the scheme on the general lines of the discussion between Sir John Forrest and Sir Lewis Beaumont. The general purport of it is this, that a certain squadron of up-to-date cruisers would be attached to the Australian station. Of these cruisers we desire that at least one, if not two, should be manned exclusively by Australasians under the command of Imperial officers. We desire to establish a branch of the Royal Naval Reserve in New Zealand and Australia composed partly of men trained in this cruiser manned by Australasians and partly out of such materials as may be available from the existing naval brigades. The contribution which would be regulated under that scheme is stated in this memorandum, which of course can be discussed, and I want it to be clearly understood that the basis we have taken is the basis of discussion taken by Sir John Forrest with Sir Lewis Beaumont, and we thought that a fair and wise starting point. There will be no difficulty in time of peace in arranging that this squadron should be attached to Australasian waters, with this proviso, that I think it would be a real advantage for the ships of the squadron, especially for the ships manned by Australasians, that they should go to China, the East Indies, the Cape, and elsewhere, and work with the ships of other squadrons, but whenever they so do that ship could be replaced by a substitute from the squadron which she had gone to join. Therefore I do not think there will be any difficulty in time of peace as to the proper allocation of the force whose headquarters would be Australasian. But the principles which are laid down and on which I wish to lay great emphasis are that in time of war this squadron must be available to fight the opponents, the attackers of the Empire, in whatever part of the Eastern seas their ships are to be found. Those principles *mutatis mutandis* could be applied to any of the other groups of Colonies. This scheme may be taken as one which would be applicable to the altering circumstances of each case, either to Canada or South Africa, and not only applicable as a whole, but applicable in such parts as might be more feasible at the present moment in respect of those other groups of Colonies.

Appendix IVa.

"There is one old Colony, of course, to which this particular form of agreement could not apply: that is Newfoundland, but then I hope the Admiralty will be able to debate with the Prime Minister, and arrive at an understanding as to that scheme for the establishment of a Naval Reserve, which was

temporarily suspended owing to the fact that we found we had proceeded beyond our legal power. I may say that an Act of the Imperial Parliament recognising the enrolment of Colonial fishermen in the Royal Naval Reserve has now passed through all its stages in both Houses of Parliament and is only awaiting the Royal Assent, so there is no further hindrance to arriving at an understanding between His Majesty's Government and Newfoundland on that point."

From the general tenor of the discussion which followed, it was clear that the conditions and circumstances of the several Colonies were so different that further discussion with a view to framing a general resolution would not be likely to lead to any practical result, and it was suggested that the representatives of the Colonies should arrange for separate private meetings with the First Lord of the Admiralty in order to settle with him what should be the form and extent in which they might severally best contribute to the Naval Defence of the Empire, and that the results arrived at should be reported to the Conference and recorded in the proceedings. This suggestion was readily agreed to, and the result of the informal discussions which followed is embodied in the following memorandum:—

MEMORANDUM BY THE FIRST LORD OF THE ADMIRALTY.

Accompanied by the Senior Naval Lord and the Financial Secretary, my colleagues of the Board of Admiralty, and assisted by the Director of Naval Intelligence, I have now had interviews with the Premiers of His Majesty's Government in Cape Colony, Natal, Newfoundland, and New Zealand, and with the Premiers and Ministers of Defence of His Majesty's Government of the Commonwealth of Australia and the Dominion of Canada; and, as the result, the Board of Admiralty have received the following offers of assistance towards the Naval Expenses of the Empire:—

*Cape Colony:
50,000*l.* per annum to the general maintenance of the Navy. No conditions.

*Commonwealth of Australia:
200,000 per annum to an improved Australasian Squadron, and the establishment of a branch of the Royal Naval Reserve.

*Natal:
35,000*l.* per annum to the general maintenance of the Navy. No conditions.

*Newfoundland:
3,000*l.* per annum (and 1,800*l.* as a special contribution to the fitting and preparation of a drill ship) towards the maintenance of a branch of the Royal Naval Reserve of not less than 600 men.

*New Zealand:
40,000*l.* per annum to an improved Australasian Squadron, and the establishment of a branch of the Royal Naval Reserve.

I wish to tender to the Colonial Ministers the hearty acknowledgment of the Board of Admiralty for the manner in which they have assisted them to arrive at the satisfactory result given above. As might be supposed, we have not always been able to see eye to eye on the questions discussed; but the interchange of views has been mutually frank, and governed on all sides by a desire to treat the defence of the Empire on a business footing, and to abandon the discussion of theories for the attainment of results immediately practicable. It is true that the Board of Admiralty have not in these conferences achieved all the results for which they might previously have hoped; but, on the other hand, it has been a great pleasure to them to hear from the Prime Ministers of all the self-governing Colonies a generous appreciation of the work of the Navy.

If the Parliaments of the above-named self-governing Colonies accept and endorse these arrangements, a real step in advance will have been made in the organisation of the Naval Forces of the Empire.

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* *See* Appendix, pp. 20 *et seq.*

In the first place, an increase in the number of modern men-of-war maintained in commission will have been promoted by the aid of British subjects in the Dominions beyond the seas.

In the second place, the conditions attached to the various agreements will show how keen is becoming the appreciation throughout the Empire of the peculiar characteristics of Naval warfare, and of the fact that those local considerations which find their natural place in military organisations are inapplicable to Naval organisation. I would draw special attention to the improved composition and organisation of the Australasian Squadron when the new agreement will have come into force, and to the fact that Cape Colony and Natal have made their offer unfettered by any conditions, a mark of confidence and of appreciation of the Naval problem of which the Board of Admiralty are deeply sensible.

Thirdly, I hail with much satisfaction the establishment of a branch of the Royal Naval Reserve in the Colonies. The circumstances of the population of Newfoundland are peculiar, and nowhere else probably within the Empire can so large a proportion of fishermen be found. A branch of the Royal Naval Reserve has already been founded there, and I look forward confidently to its steady growth. In Australia and New Zealand, although Naval Brigades have for some time been in existence there, and did excellent service in the recent China War, the formation of a branch of the Royal Naval Reserve is a new departure. The formation of a branch of the Royal Naval Reserve is not the only, or indeed the chief, step in advance, in connection with the personnel of the fleet, for it has been agreed that if possible one of the ships of the Australian Squadron in permanent commission shall be manned by Australians and New Zealanders under officers of the Royal Navy, and that 10 cadetships in the Royal Navy shall be given annually in Australia and New Zealand.

I have accordingly great pleasure in recommending to His Majesty's Government that the offers of assistance which have been received should be accepted.

Sir Wilfrid Laurier informed me that His Majesty's Government of the Dominion of Canada are contemplating the establishment of a local Naval force in the waters of Canada, but that they were not able to make any offer of assistance analogous to those enumerated above.

I have alluded to the fact that our interchange of views at the Conferences has been characterised by mutual frankness, and I desire to put on record the facts and arguments which I thought it my duty to set forth.

In the first place, I pointed out that even after the Colonial Parliaments had ungrudgingly increased the proportion of their assistance towards the Naval Defence of the Empire, as recommended by their Ministers, the taxpayers of the British Empire would, in respect of Naval Expenditure, still be in the following relative positions :—

—	Population (White).	Naval Contribution per Caput per Annum.
		s. *d.*
United Kingdom	41,454,621	15 2
Cape Colony	538,000	1 10¼
Commonwealth of Australia	3,765,805	1 0¾
Dominion of Canada	5,338,883	Nil.
Natal	64,951	10 9¼
Newfoundland	210,000	0 3½
New Zealand	772,719	1 0¼

For the year 1902–3 the Navy Estimates amounted to 31,423,000*l.* after deducting appropriations-in-aid other than contributions from the

self-governing Colonies. Of this sum the self-governing Colonies would, on the basis of the new agreements, have paid 328,000*l.*

This table shows how large a proportion of the burden falls upon the taxpayer of the United Kingdom, and although it is true that by far the larger portion of the money which he provides is spent within the United Kingdom, yet it so happens that more of the money provided by the taxpayer of the United Kingdom is spent in the British Dominions beyond the seas than the British Dominions beyond the seas contribute to the maintenance of the British Navy. Additional interest is lent to the fact by an analysis of the trade which the British Navy has to protect. In the year 1900 the seaborne trade of the Empire may be roughly stated to have been worth between eleven and twelve hundred millions sterling; but of this vast sum a proportion of certainly not less than one fourth was trade in which the taxpayer of the United Kingdom had no interest either as buyer or seller of the particular goods represented by these values. It was either inter-Colonial trade or trade between the British Dominions beyond the seas and foreign countries. The taxpayer of the United Kingdom has therefore the privilege, not only of taking upon himself the lion's share of the burden the interest in which is shared between himself and his fellow subjects in the Dominions beyond the seas, but also a not less share of the burden in respect of interests which are not his own, but exclusively those of his fellow subjects beyond the seas.

I expressed my hope that this simple statement of fact would help the Colonial taxpayer to realise the extent of the advantage he reaps from the existence of one Navy for the whole Empire. He is not only relieved thereby of a heavy burden of taxation in time of peace, but in time of war he knows that to him, if faced by any possible coalition, is furnished the concentrated strength of one Navy under one command.

In reply to an inquiry, I undertook to endeavour to form an estimate of the Naval obligations which would be forced upon the British Dominions beyond the seas if they were nations with a separate existence, and not, as now, partner nations of the British Empire, and it was suggested that the proper comparison would be between the Commonwealth of Australia and New Zealand or the Dominion of Canada and some State with a population of about the same size.

I pointed out that if such a basis of comparison were chosen the annual Naval expenditure of Holland is 1,400,000*l.*, and that of Argentina 920,000*l.*, not to mention a past capital expenditure of several millions which must have been incurred in the creation of the fleets and for the proper equipment of dockyards and Naval bases. These countries were only taken because their populations roughly correspond in size with those of Australasia and Canada, and not because they are in other respects in any way comparable. Indeed, I submitted that this was not an adequate or satisfactory comparison. Each great group of Dominions beyond the seas would, so it seemed to me, have to face the Naval position in which it found itself, and the governing conditions of that position would be the political and geographical environment of the group. As a matter of fact, each of these groups would find itself within the orbit of a great Naval Power. The Dominion of Canada would have to frame its Naval policy with a view to the Navy of the United States. The Commonwealth of Australia and New Zealand would be forced to remember that France in New Caledonia, and Germany in New Guinea, are near neighbours. Cape Colony and Natal would constantly find themselves reminded of the fact that France is their neighbour in the Indian Ocean, in Madagascar, and that the greater part of Western South Africa is German. It is not easy in either of these cases to see how it could be possible to avoid the influence of those forces which have forced Japan to become a Naval Power. The Naval Budget of Japan for the year 1901–2 was 3,700,000*l.*, and this sum included nothing for interest, sinking fund, or depreciation account in connection with former capital expenditure on stores, ships, dockyards or Naval bases.

These are the facts and arguments which I felt it my duty to lay before the Premiers, and to which, whether agreeing or disagreeing, they have listened with that friendly courtesy which has made all our interviews so agreeable a

recollection. I recapitulate them now because the danger to the Empire which I fear is that Canada, South Africa, and Australia, being in fact continents, should become too much continental and too little maritime in their aspirations and ideas. The British Empire owes its existence to the sea, and it can only continue to exist if all parts of it regard the sea as their material source of existence and strength. It is therefore desirable that our fellow subjects in the Dominions beyond the seas should appreciate the importance of Naval questions. If they will undertake a larger share of the Naval burden, well and good. But I regard it as of even more importance that they should cultivate the maritime spirit; that their populations should become maritime as ours are, and that they should become convinced of the truth of the proposition that there is no possibility of the localisation of Naval force, and that the problem of the British Empire is in no sense one of local defence.

The sea is all one, and the British Navy therefore must be all one; and its solitary task in war must be to seek out the ships of the enemy, wherever they are to be found, and destroy them. At whatever spot, in whatever sea, these ships are found and destroyed, there the whole Empire will be simultaneously defended in its territory, its trade, and its interests. If, on the contrary, the idea should unfortunately prevail that the problem is one of local defence, and that each part of the Empire can be content to have its allotment of ships for the purpose of the separate protection of an individual spot, the only possible result would be that an enemy who had discarded this heresy, and combined his fleets, will attack in detail and destroy those separated British squadrons which, united, could have defied defeat.

SELBORNE.

August 7th, 1902.

APPENDIX.

MEMORANDUM from the PRIME MINISTER OF CAPE COLONY AND NATAL to the BOARD OF ADMIRALTY.

London, 8th July 1902.

THE enormous preponderance of the native population in the Colonies of the Cape and Natal renders it impossible for us to agree to any proposal involving the obligation to furnish a military contingent in the event of a war in which the Imperial Government may be involved in any other part of the Empire.

Recognising, however, as we do, the absolute necessity for the maintenance of an efficient Navy if the Empire is to be held together, and regarding the Navy as the first security for the preservation of the people of South Africa, and especially of those residing in the two coast Colonies, we are prepared to submit to the Legislatures of our respective Colonies, Bills providing for contributions towards the cost of maintaining the Imperial Navy.

At present the Cape Colony contributes, under an Act of Parliament passed in 1898, the sum of 30,000*l.* a year for that purpose. So soon as Parliament assembles a Bill will be submitted raising that sum to 50,000*l.*

To the Legislature of Natal a Bill will be submitted providing for a yearly contribution of 35,000*l.*

At a later period, when a Confederation has been established in South Africa, the question of training men residing in the two coast Colonies for service in the Imperial Navy will be brought under the consideration of their respective Legislatures, who will, we believe, be prepared to entertain such a proposal most favourably.

J. GORDON SPRIGG.
A. H. HIME.

LETTER from the ADMIRALTY to the PRIME MINISTER OF CAPE COLONY.

Admiralty,
SIR, 11th August 1902.

I AM commanded by my Lords Commissioners of the Admiralty to inform you that they have laid before His Majesty's Government the paper signed by yourself and Sir Albert Hime, in which you recognise the absolute necessity for the maintenance of an efficient navy if the Empire is to be held together, and announce that you are prepared to submit to the Legislature of Cape Colony, as soon as it assembles, a Bill providing for an increase in the contribution towards the cost of maintaining His Majesty's Navy from 30,000*l.* a year to 50,000*l.*

His Majesty's Government accept with pleasure this spontaneous offer of assistance, and believe that with the united efforts of all His Majesty's subjects, both in the United Kingdom and in the British Dominions beyond the seas, the British Navy will be in the future, even more than it has been in the past, the protector of and connecting link between the widely extended parts of His Majesty's Dominions.

I am to suggest to you that, with a view to setting forth the principles which should govern the development of His Majesty's Navy, it would be very advantageous to insert in the preamble of the Bill which you propose to lay before the Parliament of Cape Colony words recognising the importance of sea power, "in the control which it gives over the sea communications, "and the necessity of a single navy under one authority, by which alone "concerted action can be assured."

My Lords notice with satisfaction that you consider that when a Confederation has been established in South Africa, the question of training men for service in His Majesty's Navy will be brought before the Legislature, and that you believe such a proposal would be favourably entertained. To this my Lords attach much importance, as they fear that unless the British Continental Dominions beyond the seas retain a personal touch with the British Navy, British subjects living far inland may forget that the origin of the Empire depends on the sea, and that for its continued existence it is essential that in all its parts the maritime spirit should prevail.

A copy of the letter which has been addressed to Sir Albert Hime on this subject is attached for information.

I am, &c.
H. J. VANSITTART NEALE.

The Right Hon.
Sir J. Gordon Sprigg, G.C.M.G.

LETTER from the ADMIRALTY to the PRIME MINISTER OF NATAL.

Admiralty,
SIR, 11th August 1902.

I AM commanded by my Lords Commissioners of the Admiralty to inform you that they have laid before His Majesty's Government the paper signed by yourself and Sir J. Gordon Sprigg, in which you recognise the absolute necessity for the maintenance of an efficient navy if the Empire is to be held together, and announce that you are prepared to submit to the Legislature of Natal, as soon as it assembles, a Bill providing for a yearly contribution of 35,000*l.* towards the cost of maintaining His Majesty's Navy.

His Majesty's Government accept with pleasure this spontaneous offer of assistance, and believe that with the united efforts of all His Majesty's subjects, both in the United Kingdom and in the British Dominions beyond the seas, the British Navy will be in the future, even more than it has been in the past, the protector of and connecting link between the widely extended parts of His Majesty's Dominions.

I am to suggest to you that, with a view to setting forth the principles which should govern the development of His Majesty's Navy, it would be very advantageous to insert in the preamble of the Bill which you propose to lay before the Parliament of Natal words recognising the importance of sea power, "in the control which it gives over the sea communications, and

" the necessity of a single navy under one authority, by which alone concerted " action can be assured."

My Lords notice with satisfaction that you consider that when a Confederation has been established in South Africa, the question of training men for service in His Majesty's Navy will be brought before the Legislature, and that you believe such a proposal would be favourably entertained. To this my Lords attach much importance, as they fear that unless the British Continental Dominions beyond the seas retain a personal touch with the British Navy, British subjects living far inland may forget that the origin of the Empire depends on the sea, and that for its continued existence it is essential that in all its parts the maritime spirit should prevail.

A copy of the letter which has been addressed to Sir Gordon Sprigg on this subject is attached for information.

I am, &c.,
H. J. VANSITTART NEALE.

Lieutenant-Colonel
The Hon. Sir Albert H. Hime, K.C.M.G.

LETTER from the PRIME MINISTER OF NEWFOUNDLAND to the FIRST LORD OF THE ADMIRALTY.

Hotel Cecil, London, W.C.

SIR,

REFERRING to my conversation with your Lordships, and subsequent interviews and correspondence with Rear-Admiral Custance, I am now in a position to state that the Newfoundland Government will contribute towards the Newfoundland Royal Naval Reserve the sum of 3,000*l.* sterling annually for a period of 10 years, provided the said force shall consist of not less than 600 men, the said annual payment to be proportionately reduced for each man less than that number.

The Colony will also pay over to His Majesty's Government the sum of 1,800*l.* to defray the cost of "housing in" of H.M.S. "Calypso."

In the matter of the erection of a battery referred to in my letter to Rear-Admiral Custance, of date the 1st instant, it is to be understood that, while His Majesty's Government cannot at the present time agree to erect a battery in St. John's, the matter is to be regarded as depending upon the success of the present movement.

This letter is to supersede all former correspondence and agreements.

I have, &c.
R. BOND.

The Right Hon. Lord Selborne,
Admiralty.

LETTER from the ADMIRALTY to the PRIME MINISTER OF NEWFOUNDLAND.

Admiralty,
August 1902.

SIR,

I AM commanded by my Lords Commissioners of the Admiralty to inform you that they have laid before His Majesty's Government your letter of the 5th instant, addressed to the First Lord of the Admiralty, in which you state that the Newfoundland Government will contribute towards the branch of the Royal Naval Reserve established in that Colony the sum of 3,000*l.* sterling annually for a period of 10 years, provided the said force shall consist of not less than 600 men, and also that the Newfoundland Government will place in the hands of His Majesty's Government the sum of 1,800*l.* to defray the cost of "housing in, &c." His Majesty's ship "Calypso."

His Majesty's Government accept with pleasure these payments under the conditions specified in your letter, as an indication of the determination of the inhabitants of Newfoundland to share in the charge of maintaining His Majesty's Naval Forces.

The Admiralty will consider the question of the erection of a drill battery at St. John's if further experience shows that it will add to the efficiency of the Naval Reserve.

I am to add that your suggestion that all former correspondence and agreements shall be considered as superseded is accepted.

I am, &c.,
H. J. VANSITTART NEALE.

The Hon. Sir R. Bond, K.C.M.G.

SIR, Admiralty, S.W., August 15, 1902.

IN transmitting the enclosed printed paper, I am commanded by my Lords Commissioners of the Admiralty to state that their Lordships will be glad to receive your formal concurrence in the "Draft Agreement between "His Majesty's Government of the United Kingdom, the Commonwealth of "Australia, and the Colony of New Zealand" (shown at page 7*), the terms of which, as you are aware, have already been mutually accepted.

I am, &c.
G. H. HOSTE,
Pro. Sec.

The Right Hon.
Sir Edmund Barton, G.C.M.G.,
Hotel Cecil, Strand, W.C.
The Right Hon. R. J. Seddon,
Hotel Cecil, Strand, W.C.

Hotel Cecil, London, W.C.
September 2, 1902.

MY LORD,

I HAVE the honour to acknowledge the receipt of Admiralty letter transmitting printed copy of the Draft Agreement between His Majesty's Government of the United Kingdom, Commonwealth of Australia, and the Colony of New Zealand, and in reply to inform you that I concur in the Draft Agreement, and, subject to confirmation by the Government, will in due course submit same for the approval of the New Zealand Parliament.

I have to express regret that owing to my absence from London during the past fortnight this matter has been delayed.

I have, &c.
R. SEDDON,
Premier of New Zealand.

To the Right Hon.
the First Lord of the Admiralty,
Whitehall, S.W.

Commonwealth of Australia,
Prime Minister,
September 25, 1902.

SIR,

I HAVE the honour to acknowledge the receipt of your letter of the 15th of August last, stating that their Lordships would be glad to receive my formal concurrence in the "Draft Agreement between His Majesty's Govern- "ment of the United Kingdom, the Commonwealth of Australia, and the "Colony of New Zealand," shown at page 7* of the printed paper enclosed in your letter.

The terms of the Draft Agreement were, as you correctly state, mutually accepted in London before the close of the late Conference at the Colonial Office, and therefore my written assent to them, subject to the approval of the Parliament of the Commonwealth, remains now to be formally given and is hereby given.

I have, &c.
EDMUND BARTON.

The Secretary to the
Lords Commissioners of the Admiralty.

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* Printed below.

DRAFT AGREEMENT between HIS MAJESTY'S GOVERNMENTS of the UNITED KINGDOM the COMMONWEALTH OF AUSTRALIA and the COLONY OF NEW ZEALAND.

The Commissioners for executing the office of Lord High Admiral of the United Kingdom of Great Britain and Ireland, &c., and the Governments of the Commonwealth of Australia and of New Zealand, having recognised the importance of sea power in the control which it gives over sea communications, the necessity of a single navy under one authority, by which alone concerted action can be assured, and the advantages which will be derived from developing the sea power of Australia and New Zealand, have resolved to conclude for this purpose an Agreement as follows:—

ARTICLE I.

The naval force on the Australian Station shall consist of not less than the under-mentioned sea-going ships of war, all of which shall be from time to time throughout the terms of this Agreement of modern type, except those used as drill ships:—

1 Armoured Cruiser, 1st class;
2 2nd-class Cruisers;
4 3rd-class Cruisers;
4 Sloops;
And of a Royal Naval Reserve consisting of 25 officers and 700 seamen and stokers.

ARTICLE II.

The base of this force shall be the ports of Australia and New Zealand, and their sphere of operations shall be the waters of the Australia, China, and East Indies Stations, as defined in the attached schedules, where the Admiralty believe they can most effectively act against hostile vessels which threaten the trade or interests of Australia and New Zealand. No change in this arrangement shall be made without the consent of the Governments of the Commonwealth and of New Zealand; and nothing in the Agreement shall be taken to mean that the naval force herein named shall be the only force used in Australasian waters should the necessity arise for a larger force.

ARTICLE III.

This force shall be under the control and orders of the Naval Commander-in-Chief for the time being appointed to command His Majesty's Ships and Vessels on the Australian Station.

ARTICLE IV.

Of the ships referred to in Article I., one shall be kept in reserve and three shall be only partly manned and shall be used as Drill Ships for training the Royal Naval Reserve, the remainder shall be kept in Commission fully manned.

ARTICLE V.

The three vessels used as Drill Ships and one other vessel shall be manned by Australians and New Zealanders as far as procurable, paid at special rates, and enrolled in proportion to the relative population of the Commonwealth and New Zealand. If a sufficient proportion of men from either Colony should not on the aforesaid basis be forthcoming a sufficient number of men to complete the complements of the ships may be enrolled from the other Colony.

They shall be officered by Officers of the Royal Navy supplemented by Officers of the Royal Naval Reserve.

ARTICLE VI.

In order to ensure that the Naval Service shall include Officers born in Australia and New Zealand, who will be able to rise to the highest posts in the Royal Navy, the under-mentioned nominations for Naval Cadetships will be given annually :—

Commonwealth of Australia - - -	8
New Zealand - - - -	2

ARTICLE VII.

The branches of the Royal Naval Reserve established in Australia and New Zealand shall be called into actual service by His Majesty in Council, acting on the advice of his Governments of the Commonwealth of Australia and New Zealand respectively.

The men forming the Royal Naval Reserve shall be divided into two classes :—

(*a.*) Those who have served for three years on board one of H.M. Ships.

(*b.*) Those who have not so served.

These men shall be trained on ships specially provided for the purpose.

The Officers of this reserve force shall be included on the list of Officers of the Royal Naval Reserve.

ARTICLE VIII.

In consideration of the service afore-mentioned the Commonwealth of Australia and New Zealand shall pay the Imperial Government five-twelfths and one-twelfth respectively of the total annual cost of maintaining the Naval force on the Australian Station, provided that the total amount so paid shall in no case exceed 200,000*l.* and 40,000*l.* respectively in any one year. In reckoning the total annual cost a sum equal to 5 per cent. on the prime cost of the ships of which the Naval force of the Station is composed shall be included.

ARTICLE IX.

The Imperial Government recognise the advantages to be derived from making Australasia a base for coal and supplies for the squadrons in Eastern waters.

ARTICLE X.

1. This Agreement shall be considered to become actually binding between the Imperial Government and the Commonwealth of Australia and New Zealand so soon as the Colonial Legislatures shall have passed special appropriations for the terms hereinafter mentioned, to which Acts this Agreement shall be attached as a First Schedule.

2. The Agreement shall be for a period of ten years, and only terminate if and provided notice has been given two years previously, viz., at the end of the eighth year, or at the end of any subsequent year, and then two years after such date.

ARTICLE XI.

1. The payments named in Article VIII. shall be considered as payments in advance, and shall first become due and payable six months after the Colonial Legislature shall have passed the special appropriation referred to in Article X.

2. The period of ten years referred to in Article X. is to be calculated from the date on which the Colonial Legislature passes the special appropriation referred to.

3. The payments under the existing Agreement and that Agreement itself shall terminate on the date on which the payments under the new Agreement commence.

4. The share of these payments due from each Colony shall be paid annually in London by the High Commissioner of the Commonwealth and the Agent-General of New Zealand, and, pending the appointment of the first-named officer, by such person as the Government of the Commonwealth may nominate, to such account as the Lords Commissioners of the Admiralty may direct.

Article XII.

In time of peace one of the drill ships referred to in Article IV. and one other cruiser shall be stationed in the waters of New Zealand and its dependencies as their headquarters. Should, however, such emergency arise as may, in the opinion of the Naval Commander-in-Chief, render it necessary to remove either or both of such ships, he shall inform the Governor of the reasons for such temporary removal.

SCHEDULE TO AGREEMENT.

Limits of Australia Station.

The Australia Station, as referred to in Article II. of the foregoing Agreement is bounded—

North.—On the North from the meridian of 95 degrees East, by the parallel of the tenth degree of South latitude, to 130 degrees East longitude, thence northward on that meridian to the parallel of 2 degrees North latitude, and thence on that parallel to the meridian of 136 degrees East longitude, thence North to 12 degrees north latitude, and along that parallel to 160 degrees West longitude, thence South to the Equator, thence East to the meridian of 149° 30′ West longitude.

West.—On the West by the meridian of 95 degrees East longitude.

South.—On the South by the Antarctic Circle.

East.—On the east by the meridian of 149° 30′ West longitude.

Limits of the China Station.

The China Station, as referred to in Article II. of the foregoing Agreement, is bounded—

North.—On the North from the meridian of 95° of East longitude in 10° North latitude, along that parallel to the West Coast of the Malay Peninsula, thence by the shores of Asia as far as the meridian of 180°.

West.—On the West from the latitude of 10° North by the meridian of 95° East longitude to 10° of South latitude.

South.—On the South from the meridian of 95° East longitude by the parallel of 10° South latitude to 130° East longitude, thence North to 2° North latitude, and along that parallel to 136° East longitude, thence North to 12° North latitude and along that parallel to the meridian of 180°.

East.—On the East by the meridian of 180° from 12° North latitude to the point where the meridian reaches the shores of Asia.

Limits of East Indies Station.

The East Indies Station as referred to in Article II. of the foregoing Agreement is bounded—

North.—On the North by the southern shores of Asia, including the Persian Gulf, from an imaginary line drawn from Jebel Sejan on the African Coast to Cape Babel Mandeb on the Arabian Coast, to where the 10th parallel of North latitude touches the West Coast of the Malay Peninsula.

EAST.—On the East by the meridian of 95° East longitude between the parallels of 10° North and 26° South latitude.

SOUTH.—On the South by the 10th parallel of North latitude between the coast of the Malay Peninsula and the 95th meridian of East longitude, and by the parallel of 26° South latitude between the 95th and 42nd meridians of East longitude.

WEST.—On the West by the 42nd meridian of East longitude between the parallels of 26° and 10° South latitude, by the 43rd meridian between the parallel of 10° South and the Equator, and by the East Coast of Africa between the Equator and Jebel Sejan.

From this it will be seen that a very considerable improvement has been arranged, subject to the approval of the Parliaments concerned, in the terms of the Australasian Naval Agreement, by which the effectiveness of the squadron to which it relates as part of the naval force of the Empire will be greatly increased, and the amount of the Colonial contribution towards the maintenance of the squadron will be raised from 126,000*l.* a year, at which it stands at present, to 240,000*l.* At the same time the Premiers of Cape Colony and Natal have intimated their desire to increase their unconditional contributions to the Navy from 30,000*l.* and 12,000*l.* to 50,000*l.* and 35,000*l.* respectively.

Newfoundland also, where a branch of the Royal Naval Reserve was established two years ago, the expense of which was borne entirely on Imperial funds, has now agreed to contribute a sum of 3,000*l.* a year towards the charge on the understanding that the number of the reserve there is raised to and maintained at 600 men, and further to contribute a capital sum of 1,800*l.* towards the "housing in" of the training ship "Calypso," which is to be stationed there. If, as may confidently be expected, these arrangements are accepted by the Parliaments of the Colonies concerned, a considerable forward step in the organisation of the Empire for the protection and defence of the general interests will have been accomplished. Though the aggregate contributions from the Colonies will under the new arrangements be practically doubled, they will still amount to little more than one per cent. of the charge for the Navy borne by the taxpayers of the United Kingdom, but the increase, and still more the proposals in the Australasian and Newfoundland agreements, which will add a considerable Colonial element to the personnel of the fleet, are satisfactory as evidence that the self-governing Colonies realise that the burden of defence is a common burden, and that they feel that the time has come when the unity of sentiment which now knits the Empire together should receive practical expression by their sharing, as far as their circumstances permit, in the task of providing for the defence of the common interests, of which, as the First Lord of the Admiralty pointed out, their proportion is steadily and continuously growing.

MILITARY DEFENCE.

In regard to the question of military defence, the Conference did not reach any definite decision. The Parliament of New Zealand had, in 1900, passed an Act providing for the establishment in the Colony of an Imperial Military Reserve for service in certain cases of emergency outside the limits of the Colony, and notice of the following motion had been given by Mr. Seddon:—

> "That it is desirable to have an Imperial Reserve Force formed in "each of His Majesty's Dominions over the seas for service in case "of emergency outside the Dominion or Colony in which such reserve is "formed. The limits within which such reserve force may be employed "outside the Colony wherein it is raised to be defined by the Imperial "and Colonial Governments at the time such reserve is formed, and to "be in accordance with any law in force for the time being respecting "the same. The cost of maintaining and equipping such Imperial "Reserve Force to be defrayed in such proportion and manner as may "be agreed upon between the Imperial and Colonial Governments."

Appendix III. Appendix V. (2). Appendix V. (3).

The question had also been considered by the Colonial Defence Committee, and the Report of that body, together with the papers by Major-General French and Major-General Hutton, dealing specially with the organisation of the forces of the Commonwealth, were communicated to the members of the Conference. Copies of these papers are appended.

The discussion of the question was opened by the Secretary of State for War in the following speech, in which he indicated the views of his military advisers and himself as to the form in which the self-governing Colonies might assist in the military defence of the Empire:—

"The SECRETARY OF STATE FOR WAR: Mr. Chamberlain and Gentlemen,—On the last occasion, when I had the pleasure of attending here, Lord Selborne opened the Conference on the question of Imperial defence from the standpoint of the Navy, and we have before us with regard to the Army a Notice of Motion formulated by the Government of New Zealand to the effect: 'That it is desirable to have an Imperial Reserve Force formed 'in each of His Majesty's Dominions over the seas for service in case of 'emergency outside the Dominion or Colony in which such Reserve is formed. 'The limits within which such Reserve Force may be employed outside 'the Colony wherein it is raised to be defined by the Imperial and Colonial 'Governments at the time such Reserve is formed, and to be in accordance 'with any law in force for the time being respecting the same. The cost of 'maintaining and equipping such Imperial Reserve Force to be defrayed in 'such proportion and manner as may be agreed upon between the Imperial 'and Colonial Governments.'

"Although I heartily concur with the terms of the Motion generally, I may perhaps be allowed to say that what I may be able to say to-day is not in any way based on that resolution. The question of our Imperial Land Forces is one which has not been brought forward either by the momentary impetus of the late war, or by anything but a desire for a settled policy in this respect, and I would venture to point out that our whole progress in this country for the last 20 years has been to some such end as that which we are now asking you to put your seal upon. National defence had been allowed to go very much backward during the 'seventies.' During the 'eighties,' Sir, very considerable progress was made, especially after Lord Randolph Churchill's resignation as Chancellor of the Exchequer, which was based upon and which formed a subject of a trial of strength as to whether our coaling stations for the Navy and national defences should be maintained. Since then attempts have been made from time to time to estimate what our land forces might be called upon to undertake. Those attempts have become more necessary year by year. It is practically impossible to exclude from our minds the necessities not of offensive but of defensive action for the maintenance of our Colonies and Dependencies all over the world, and the Government have, within the last two years, definitely stated, I think almost for the first time, how they adjust our land forces at home, and what proportion they hold in readiness for the protection of our interests in other parts of the globe.

"Perhaps I might recapitulate the views which I put before the House of Commons, now 18 months ago, on behalf of the Government, and which, after long discussions, were accepted, and have been generally agreed to by Parliament. We are prepared—and our organisation enables us in the future—to send 120,000 regular troops abroad to any part of the British Empire which may be threatened. We keep up a home field army of another 120,000 men; we keep 190,000 men for our garrisons; we have a large number—somewhere between 100,000 and 200,000—employed in various positions for the defence of London and for strategic positions which might be threatened in case of invasion. But large as these preparations may sound, they are certainly not deemed too large, by our military advisers, in view of the possibility of our at any time losing the command of the sea, and I would venture to remind the Conference that what Great Britain does off her own bat towards defence of Colonies and Dependencies, is not limited by her power to send 120,000 men to any threatened

position in case of emergency. We have close upon 80,000 British troops in India. We have always some 30,000 in the Colonial garrisons, and at present—and probably for some long time to come—we must, in view of South Africa, look to keeping a larger number than that. Therefore, we have, either abroad at this moment or liable to go abroad on any emergency, close upon a quarter of a million of men. And I would point out that this is not a force kept for ambitious schemes or offensive operations or for an attempt to involve ourselves in the great quarrels of our neighbours in Europe. We have only got to look to the illustrations of the late war to see that in fixing 120,000 men as our contingent, we are rather under than over the mark of what we might be called upon to send, having in view that we have had to send double the number, with your assistance, for the defence of two of our Colonies.

"I recognise that in bringing these subjects before you I am bound to show that the Mother Country is doing her part. I do not think that anybody will contend that a nation which keeps 110,000 or 120,000 men permanently abroad under a system of voluntary enlistment, and is prepared to send the same number in the case of emergency, is not doing her share in protecting her Colonies and Dependencies, which are relying upon her assistance. On the other hand it is held — speaking in this room, by our military advisers it is strongly held—that circumstances may occur in which it is most desirable that we should have a call on further troops. Of course we should have a certain number at home, which, if the sea is safeguarded, we should, as we did in the case of South Africa, send out ; but the whole secret of success in war is time, and we can never count on having so much time as we have had in the late war. We should never count—either in respect to policy or as to time—on having an enemy who would enable us to make up during the war the deficiencies which we found at the beginning. I should like to speak, if I may, quite frankly to the Conference on this subject. In the Boers we had an armed enemy —not an army—shrewd, and brave, and provided with good weapons; but they neglected at the beginning of the war obvious opportunities—obvious and many opportunities. I am not a tactician, but I have studied the opinions of those who have written and who have given me their advice. I might point out that there were incidents earlier in the war, there were occasions, when a powerful and determined enemy, properly organised, could have taken advantage of our early reverses, and could have moved with great effect upon our communications. That was not done because the forces were not an organised army. Again, in individual battles there were many opportunities of which a determined leader, who had an organised force at his disposal, would have taken advantage to break our line—very often a long extended one—and would have put our troops to a much more severe test than even they were put to. I only mention that fact for this reason, that we have to consider what will be the effect if we found ourselves pitted against European troops. We should have both these contingencies, which were neglected by the Boers, to look to. My object in mentioning this is to remind you that we had largely to rely—both in our own and in our Colonial levies—on relatively untrained troops. I admit to the full that our levies, that is to say, our yeomanry and other hastily levied troops, differed extremely in their composition and in their military quality. They all improved enormously after some months ; but no General commanding British troops would have been willing, in the condition in which many of them went out—nor would it have been fair, to pit them against European troops, and the same, in a lesser degree, holds good as regards the Colonial force sent to our support. They differed, and they were bound to differ exceedingly, in their military quality, especially at the beginning, and on first landing; and it is not disrespectful to them to say that, with the training which they had received before they landed, there was a considerable number of those troops which no General would have had a right to pit against European troops without further training, and it is exceedingly important to us in laying down our plans of action for the future to know to what extent we can depend in an emergency upon Colonial support. Of course, I realise in regard to all these questions that we should not

ask for—that we should go too far if we asked for any general promise of support in an emergency which has not arisen; but what I do trust very strongly is this: that in case of an emergency, and in case of different Colonies being willing to come to the support of the Mother Country in such emergency, they should be in a position to do so with a body of troops, however moderate in number, which could be put in line with our own regular troops against a European Power. I am not, of course, speaking of action on the Continent of Europe, but it will not be necessary for any of us to go far to conceive cases in which in support of our Colonies it might be necessary to send a large British force, and in some cases in quarrels in which Great Britain's interest would be considerably less than that of the Colony affected. Therefore, I am not asking that this should be regarded simply as a donative on the part of the Colonies out of loyalty. I ask it rather on the ground of reciprocity, and I ask it also because, if you take some parts of the world in which our interests might be threatened, it must be perfectly obvious that it would not be in the power of the Mother Country to perform her part of the business effectively without some support.

"Take, for instance, the case of China. We have recently come to an agreement with Japan—an agreement which you will recollect, is not one for offensive action, since it only comes into force in the case of aggressive action by other Powers. Obviously in any plan of campaign which might be found necessary to protect our trade with China against encroachment, and against aggression, we should be bound, and we should wish, to give Japan, our ally, every support in our power. It is equally obvious that our interests would be strongly threatened in other parts of the globe at the same time. A campaign between two great Powers is not fought out solely on the spot at which the quarrel has arisen. In the case of any trouble which threatened our Indian Empire, we are bound to send large reinforcements from here. In the case of war which involved European Powers our striking effect would necessarily be exercised on some of their dependencies. That is what Great Britain ought to be prepared to do; but by propinquity and also from other causes nothing could assist us more supposing that quarrel, forced upon us by others, also obtained for us the support of the different Colonial Governments, than that we should be able to count on being able to support our ally in China with a small body, but, at the same time, a well organised body of Colonial force from those Colonies which are nearest and which are most conveniently situated for supporting us in China.

"Well, now, what is the present position? We have had a memorandum which I think has been probably read by all the authorities who are present, and which shows that we have nominally of all ranks a very large permanent force in Australia, something like 27,000 men; in Canada, 38,000; in New Zealand, 17,000; and making up with South Africa, say, probably, something like 100,000 men. Well, what is the military value of the force? That is the question we have to put to ourselves, what is its military value for the defence of the Colonies themselves, and what is its military value for assistance to the Empire at large, to the extent to which it is asked to contribute. Well, I hope I shall not be accused, if I am frank, of in any way disparaging our Colonial troops. I began by saying that all, and more than all, that may be said as to their diversity may be said as to the diversity of the Imperial forces outside the regular army, but the diversity is exactly what my military advisers are engaged in reducing to the best of their ability, so that we may know exactly what we have to depend upon.

"Take the case first of all of Canada; Canada has nearly 40,000 men. We know that in no part of the Empire has better fighting material been found in the recent war than among the Canadians, but I see from the last annual Report from the General Officer Commanding the Canadian Militia, a report which was referred to in high terms in a recent debate on the Militia in the Canadian Parliament, that the city corps have absolutely no training whatever in the field duties of a soldier, and that the rural corps "will never be 'made even fairly fit to take the field with the limited period of annual 'training that they receive under existing conditions.' In the urban corps it is further stated to be impossible at present to give anything beyond

theoretical instruction in the more important duties of a soldier, such as scouting, outpost work, entrenchment and tactical exercises. As regards the cavalry the general officer regretted his inability to report that as cavalry they can be considered to be in any instance more than barely efficient. Beyond that, we know that Canada has at present no trained staff, or a system of training of staff officers, and very recently a rifle has been adopted in Canada which, although carrying the same cartridge as our British rifle, is of a different pattern, which in itself we think is a little unfortunate, as breaking the uniformity and the interchangability from the one to the other in case troops are employed together. Anybody who reads the report will see that, however fine might be the patriotic ardour and keenness of Canada at a given moment, troops hastily improvised from such material can only be placed by a General against trained troops with very considerable caution.

" Well, then again, in regard to Australia, there was a military Committee of Inquiry which was assembled last year by the Commonwealth Government to report on the organisation and the state of instruction of the guards of the various Australian States. Those reports point out much that I daresay might have been said with equal truth of our organisation here no more than 15 or 20 years ago, but I hope we have progressed here. The troops vary very much in quality, and are deficient as regards the departmental corps which are necessary to accompany them in the field, Army Service Corps and Ordnance, and Army Medical Departments. In some States there are none. Victoria has only a reserve of 17 rounds of small arms ammunition per rifle. Western Australia only 28 rounds reserve, and again there has not been any military administrative staff to deal with supply or other arrangements, and only in one State is there periodical inspection of ammunition and warlike stores. The Engineer units do not receive a continuous annual training, and like the great variety of armaments and ammunition, anybody who reads those reports will see that however magnificent the material, however loyal and patriotic the feeling, you can only treat contingents which are got together on the spur of the moment, and hastily improvised, as a moral force, a moral support to the Empire at a critical moment, but not one on which the Empire would be justified in relying in any way to the exclusion of its own regular troops, and my point is that cases must and will arise in which we shall have to ask, in which we shall require a larger force than we have of our own, and in which the Colonies who send it us on the ground that they think us worthy of support in a particular emergency should be prepared to send us reliable forces.

" Now, your time is of value, and I do not want to enlarge on the many other features which are put before me by my military advisers on this subject, but what I would ask is this, that out of this very large number of men who are only trained in some degree in the Colonies, we must look, even if it was for only one in four to be specially trained, and to be held in readiness for such an emergency. I propose that those men should be trained with a liability to oversea service, that they should realise that they are a part of the Army Reserve of the Imperial Force, that their services are absolutely pledged in the event of the Government to which they belong proferring assistance to the Imperial Forces in the emergency. I would ask that they should receive such training as might be agreed upon between our military authorities and the Government concerned, and that they should be fully organised and fully equipped with a view to acting together and drilling together in the battalions or regiments with which they would take the field. I do not want to go into the details of the question, because I think perhaps it is a question where we want first to have the principle decided. I do not want to go into the questions of what their status would be with regard to other corps; whether there should be any attachment to the regiments at home; whether there should be any exchange of units which has often been talked about, and was talked about at this Conference in 1897; whether the officers who are to accept service in this particular force should have any claim on Imperial Commissions.

" All those I think are questions which we must take up and deal with, but, of course, there is the great question of expenditure. I would point but that this is not a large financial question. The number of men asked

for is so comparatively small that it is unlikely that there would be a difficulty in getting men to pledge themselves, and the reserve pay which we give after all only amounts to 9*l.* per man per annum. That reserve pay, over a force of 20,000 men, would only amount to 180,000*l.* a year over the whole of the Colonies, and I am by no means prepared to say, in looking to the last paragraph of Mr. Seddon's motion, that it would not be a fair thing to ask the Imperial Government to assist in that respect in case they really had a call on those troops. Of course, if these troops are entirely under the control of the Colonial Government, and if their Colony says, which it very possibly would, 'We 'will not pledge ourselves to send you any men until we know the 'emergency and until we have the assent of our Parliament for agreeing to 'take part in that particular emergency,' it would probably be held that so long as the Colonial Government kept the control as to the employment of the troops, they should pay them. For ourselves, if it is held that any troops are part of our recognised Army Reserve, I think it would not be unreasonable for the Imperial Exchequer to bear some portion of the charge. I will not develop the question further, but I would point out that when I have spoken of 180,000*l.* divided between the whole of the Colonies, I am speaking of a relatively small figure compared to that which has been recently added to our Estimates. On a most careful review by the Cabinet of the necessities of the case within two years—the years 1900 and 1901—we have added no less than 9,000,000*l.* sterling to the Peace Estimates for the Army and therefore the expenditure which I suggest may possibly not be grudged by the Colonies, though I think it may be met by retrenchment in some other quarters. In respect of figures it would only represent an expenditure in the whole of the Colonies of one-fiftieth of the sum which, in two years, the Imperial Government has had to take upon its shoulders. I would only urge before I sit down that these proposals are dictated not in the least by any idea of entering into an ambitious competition with other nations as to the extent of our land armaments. But up to now Great Britain has always been the last in the field. We cannot afford to be the last in the field. If we are forced into defensive action for any of our dependencies we are bound to be able to strike as quickly or quicker than any other Powers. That is the object of the whole of our present organisation at the War Office, which has advanced most rapidly within the last two or three years, and I sincerely trust that the Colonial Governments may see their way to giving us, in this particular form, the support which they have given us in so unstinted a manner under the circumstances of the late war."

The discussion revealed considerable difference of opinion amongst the members. While the representatives of Cape Colony and Natal were disposed to fall in with the policy suggested by Mr. Seddon and the Secretary of State for War—of having a special body of troops ear-marked for Imperial service—the representatives of Canada and Australia were of opinion that the best course to pursue was to endeavour to raise the standard of training for the general body of their forces, to organise the departmental services and equipment required for the mobilisation of a field force, leaving it to the Colony, when the need arose, to determine how and to what extent it should render assistance. The Imperial sentiment in the Colonies was steadily growing, and their action in the late war left no room for doubt that such assistance would be given readily and effectively and to the utmost of their ability in any future emergency.

To establish a special force, set apart for general Imperial service, and practically under the absolute control of the Imperial Government, was objectionable in principle as derogating from the powers of self-government enjoyed by them, and would be calculated to impede the general improvement in training and organisation of their defence forces, and, consequently, their ability to render effective help, if it should be required.

In the result it was decided that, if His Majesty's Government on consideration should think it desirable to take action on the suggestion of the

Secretary of State for War in the case of those Colonies which were disposed to fall in with it, it would be best to do so through the usual channel of official correspondence. The views of the Canadian Ministers on the general question of defence were specially set forth in the annexed Memorandum. Appendix VI.

Army and Navy Supply Contracts.

On the question of Army and Navy supply contracts raised by the Government of the Commonwealth, the correspondence which had passed with the Admiralty and War Office, showing the principles which governed the action of these departments in the matter, was communicated to the Conference, and the Secretary of State for War and the Financial Secretary of the Navy attended and took part in the discussion of the subject. The following resolution was unanimously adopted:— Appendix VII.

"That in all Government contracts, whether in the case of the "Colonial or the Imperial Governments, it is desirable that, as far as "practicable, the products of the Empire should be preferred to the "products of foreign countries. With a view to promoting this "result, it is suggested that where such contracts cannot be filled "in the country in which the supplies are required, the fullest "practicable notice of the requirements and of the conditions of "tender should be given both in the Colonies and the United Kingdom, "and that this notice should be communicated through official channels "as well as through the Press."

Commissions in the Navy and Army.

The subject of commissions in the Army and Navy for young men from the Colonies was also discussed at the instance of the Government of New Zealand. So far as the Navy is concerned the matter has been dealt with in the special agreements with Australia and New Zealand and the Cape and Natal.

Under these arrangements, eight cadet-ships in the Navy will be given annually to the Commonwealth of Australia, two each to New Zealand and Cape Colony, and one to Natal, an arrangement which will, it is hoped, still further develop, in the case of these Colonies, their practical interest in and association with the work of the Navy.

With regard to the Army, the Secretary of State for War stated that he would regard with favour the possibility of doing something in the direction indicated by the resolution, which was passed unanimously in the following terms:—

"That the Prime Ministers of the self-governing Colonies suggest "that the question of the allotment of the Naval and Military cadets "to the Dominions beyond the seas be taken into consideration by the "Naval and Military authorities, with a view to increasing the number "of commissions to be offered; that consistent with ensuring suitable "candidates, as far as practicable, greater facilities than now obtain "should be given to enable young Colonists to enter the Navy and the "Army."

Uniformity in Patterns of Weapons.

The desirability of uniformity in the patterns of weapons employed by the various military forces of the Empire was brought forward in the opening statement of the Secretary of State for War. There was general agreement on this subject, but no formal resolution was passed.

Political Relations.

In regard to the political relations of the Mother Country with the Colonies a motion was presented on behalf of the Government of New Zealand:—

"That it would be to the advantage of the Empire if triennial Con- "ferences were held, at which questions affecting the political and com- "mercial relations of the Mother Country and His Majesty's Dominions

" over the seas could be discussed and considered, as between the " Secretary of State for the Colonies and the Premiers of the self- " governing Colonies. In case of any emergency arising, upon which a " Special Conference may have been deemed necessary, the next ordinary " Conference to be held not sooner than three years thereafter."

The previous Conference, in 1897, had passed a resolution that :—

" The Premiers are of opinion that it would be desirable to hold " periodical Conferences of representatives of the Colonies and Great " Britain, for the discussion of matters of common interest."

It was the general opinion that it was desirable to take a step in advance of that resolution, and, while leaving due latitude for any political exigencies which might render it difficult for the Prime Ministers to leave their Colonies at a date fixed in advance, at the same time to indicate that the Conferences should not wait for some special object, but should take place as a rule at fixed periods, unless there is some reason to the contrary.

This view was embodied in the resolution unanimously adopted :—

" That it would be to the advantage of the Empire if Conferences " were held, as far as practicable, at intervals not exceeding four years, " at which questions of common interest affecting the relations of the " Mother Country and His Majesty's Dominions over the seas could " be discussed and considered as between the Secretary of State for " the Colonies and the Prime Ministers of the self-governing Colonies. " The Secretary of State for the Colonies is requested to arrange for " such Conferences after communication with the Prime Ministers of " the respective Colonies. In case of any emergency arising upon " which a Special Conference may have been deemed necessary, the " next ordinary Conference to be held not sooner than three years " thereafter."

Communication with Colonies prior to Concluding Treaties.

The only other matters affecting political relations before the Conference were the questions raised by the Government of the Commonwealth of communicating with the Colonies with regard to the terms of Treaties before they are concluded, and of an Imperial Court of Appeal.

In regard to the former it was explained that in regard to Treaties of Commerce and Navigation, which appeared to be more especially contemplated by the Commonwealth Government, every effort was already made to carry out the policy indicated, and that where a Colony or Colonies were specially concerned it was the custom to invite them to be specially represented in the negotiations, and the following resolution which was adopted by the Conference gives formal expression to the practice which has been followed in recent years :—

" That so far as may be consistent with the confidential negotiation " of Treaties with Foreign Powers, the views of the Colonies affected " should be obtained in order that they may be in a better position to " give adhesion to such Treaties."

Imperial Court of Appeal.

The subject of an Imperial Court of Appeal was brought up by Sir E. Barton with the view of ascertaining how far the other Prime Ministers were satisfied with the results of the Special Conference on the question held in 1901, and on finding that there was general acquiescence in that result he did not pursue the matter.

Commercial Relations.

Whilst the informal discussions on the subject of defence were proceeding the Conference took up the consideration of the various matters grouped in the list of subjects proposed for discussion under the head of " commercial relations."

In regard to this matter the policy of His Majesty's Government was declared in the speech of the Secretary of State at the Conference in 1897,*

* C. 8596, 1897.

and repeated in his opening statement already quoted. They are satisfied that a system of free trade within the Empire, if it could be attained, would lead to the rapid and profitable exploitation of its boundless natural resources, and at the same time promote the natural and healthy growth and expansion of its manufacturing industries.

It would change the various parts from a series of commercial units to an organic whole, the strength and solidarity of which would grow in proportion with its commercial and industrial development, and would lead inevitably to that closer political union which is so generally desired.

At the last Conference, in 1897, the Prime Ministers passed two resolutions on this subject, the first urging the early denunciation of any treaties which hampered the commercial relations between Great Britain and the Colonies, and the second undertaking to confer with their colleagues with the view of seeing whether an improvement of the trade relations between the Mother Country and the Colonies could properly be secured by a preference given by the Colonies to the products of the United Kingdom. Following on these resolutions His Majesty's Government at once denounced the treaties with Germany and Belgium, and the Dominion of Canada, which had given a tariff preference of 12½ per cent.— to be increased to 25 per cent. in 1898— to the products of the United Kingdom, offering a similar reduction to the products of any country where the Customs tariff on Canadian produce was as favourable as the Canadian tariff, so reduced, was to the products of such country, on the termination of the treaties confined this preference to the products and manufactures of the United Kingdom and certain British Colonies. The preference was, in 1900, increased to 33⅓ per cent. of the duty, and its results so far on the trade between the United Kingdom and Canada are fully discussed in the Memoranda by the Board of Trade and the Dominion Minister of Customs which were laid before the Conference and copies of which are annexed. Appendix VIII. Appendix IX.

Notice of a motion on this subject had been given on behalf of the Government of New Zealand to the following effect:—

> "That it is essential to the well-being of the Mother Country and "His Majesty's Dominions beyond the seas that in such Dominions "where the same do not now exist, preferential tariffs by way of "rebate of duties on British manufactured goods carried in British "owned ships should be granted, and that in the Mother Country "rebate of duty on Colonial products now taxable should be conceded."

The discussion revealed a very strong feeling amongst the Prime Ministers in favour of making some definite advance towards establishing closer trade relations between the Mother Country and the Colonies. But the circumstances in the different Colonies differed so widely that it was apparent that no arrangement applicable to all could be devised, and it was resolved accordingly that the several Prime Ministers should meet the President of the Board of Trade privately, with the view of considering such separate arrangements as would best meet the varying circumstances of the several Colonies, and that when the result of these meetings was reported, the Conference should proceed to discuss the terms of a general resolution, embodying the principle of the arrangements arrived at.

The result of the informal meetings with the President of the Board of Trade are set forth in the following Memorandum:—

Memorandum by the President of the Board of Trade.

As a result of the communications which have taken place, it is understood that the representatives of the Colonies hereinafter mentioned are prepared to recommend to their respective Parliaments preferential treatment of British goods on the following lines:—

Canada.

The existing preference of 33⅓ per cent., and an additional preference on lists of selected articles—

(*a*) by further reducing the duties in favour of the United Kingdom;
(*b*) by raising the duties against foreign imports;
(*c*) by imposing duties on certain foreign imports now on the free list.

Australia.

Preferential treatment not yet defined as to nature or extent.

New Zealand.

A general preference by 10 per cent. all-round reduction of the present duty on British manufactured goods, or an equivalent in respect of lists of selected articles on the lines proposed by Canada, namely :—

(*a*) by further reducing the duties in favour of the United Kingdom ;

(*b*) by raising the duties against foreign imports ;

(*c*) by imposing duties on certain foreign imports now on the free list.

The Cape and Natal.

A preference of 25 per cent. or its equivalent on dutiable goods other than specially rated articles to be given by increasing the duties on foreign imports.

The general resolution that was finally adopted as covering the principle underlying the several proposals comprised in Mr. Balfour's Memorandum, was as follows :—

"1. That this Conference recognises that the principle of preferential trade between the United Kingdom and His Majesty's Dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.

"2. That this Conference recognises that, in the present circumstances of the Colonies, it is not practicable to adopt a general system of Free Trade as between the Mother Country and the British Dominions beyond the seas.

"3. That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those Colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

"4. That the Prime Ministers of the Colonies respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies, either by exemption from or reduction of duties now or hereafter imposed.

"5. That the Prime Ministers present at the Conference undertake to submit to their respective Governments at the earliest opportunity the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it."

The Canadian Ministers handed in the following Memorandum to explain their attitude on this question :—

MEMORANDUM BY CANADIAN MINISTERS.

This subject has frequently engaged the attention of the Conference. At an early stage Mr. Chamberlain suggested that the question could most conveniently be considered by the representatives of each Colony placing themselves in communication with the President of the Board of Trade, Mr. Gerald Balfour, and the officials of that Department. Accordingly the Canadian Ministers had several protracted interviews with these gentlemen, and discussed the whole subject very fully. Opportunity was also taken to present the Canadian view to Mr. Chamberlain. Now that the Conference is drawing to a close, it is desirable that the course of the discussion, and the conclusions reached by the Canadian Ministers, should be outlined and placed on record.

From the beginning of the proceedings the Canadian Ministers have claimed that in consideration of the substantial preference given by Canada for some years to the products of the Mother Country, Canadian food products should be exempted in the United Kingdom from the duties recently imposed. Representations to this effect previously made through the High Commissioner for Canada were supplemented by the Ministers, both in writing and in the personal interviews with the Imperial Ministers.

Mr. Chamberlain, on behalf of the Imperial Government, was unable to agree to the proposals of the Canadian Ministers. He represented that the Imperial Government, while highly appreciating the good feeling manifested by Canada in the granting of preferential treatment, did not think the material results to the trade of the United Kingdom were as great as the Canadian Ministers claimed. He further said that the change desired by Canada would be an important departure from the established fiscal policy of the Kingdom, and that if the proposals could be entertained at all, as to which he was not prepared to commit himself, it would be necessary for Canada to offer some material tariff concessions beyond those which she had already voluntarily given.

The Canadian Ministers, therefore, submitted a memorandum on the subject of the advantages already received by Great Britain from the Canadian preferential tariff, with a view to showing that these were of much value, and entitled to weight in the consideration of the whole subject.

While urging that the benefits of the preference were such as to entitle Canada to the desired exemption from the duties on food products in the United Kingdom, the Canadian Ministers stated that within certain limitations they were prepared to consider the request of Mr. Chamberlain for further concessions in return for the desired preference in the markets of the United Kingdom. While it was not deemed necessary to enter into questions as to the wisdom or unwisdom of the policy adopted by all governments in Canada, of raising the revenues chiefly from Customs duties, the Canadian Ministers pointed out that under that policy large industries had grown up which had to be considered in connection with proposed tariff changes. Large reductions of duties had been made in recent years, especially on British imports. It was feared that in some lines of importance further reductions might create a disturbance of trade which would not be conducive to the welfare of the country. But the Canadian Ministers pointed out that the Canadian tariff was by no means prohibitive, that large quantities of goods were imported, and that a great proportion of these came from foreign countries. In any lines in which it appeared that the goods would be manufactured in Great Britain it might be possible to so readjust some duties as to give an additional advantage to the British manufacturer, and thus turn over to him a volume of trade which at present is held by the manufacturers of foreign countries.

The Canadian Ministers stated that if they could be assured that the Imperial Government would accept the principle of preferential trade generally, and particularly grant to the food products of Canada in the United Kingdom exemption from duties now levied, or hereafter imposed, they, the Canadian Ministers, would be prepared to go further into the subject, and endeavour to give to the British manufacturer some increased advantage over his foreign competitors in the markets of Canada.

Meanwhile the Canadian Ministers determined to present to the Conference a Resolution affirming the principle of preferential trade, and the desirability of its adoption by the Colonies generally, and also expressing the opinion of the Prime Ministers of the Colonies that His Majesty's Government should reciprocate by granting preferential terms to the products of the Colonies in the markets of the Mother Country. The Canadian Ministers desired to have it understood that they took this course with the strong hope and expectation that the principle of preferential trade would be more widely accepted by the Colonies, and that the Mother Country would at an early day apply the same principle by exempting the products of the Colonies from Customs duties. If, after using every effort to bring about such a readjustment of the fiscal policy of the Empire, the Canadian Government should find that the principle of preferential trade is not acceptable to the Colonies

generally, or the Mother Country, then Canada should be free to take such action as might be deemed necessary in the presence of such conditions.

London, August 11th, 1902.

It will be observed that the resolution is wider in its scope than that submitted to the Conference on behalf of the Government of New Zealand, which proposed to confine preferential tariff treatment to goods carried in British ships. It was considered that this aspect of the question could best be considered in connection with the question raised by the other resolutions suggested by the Government of New Zealand in regard to shipping subsidies, and to the operation of the laws restricting the Coasting Trade, which are enforced by some nations.

Coasting Trade.

The resolution on this question proposed by the Government of New Zealand was as follows:

> "That in view of the application of the coasting laws of the "United States, and of other nations, the time has arrived for negotia- "tions to be opened with a view to removal or modification of "restrictions on British trade, failing which the Imperial Government "should take steps to protect the trade of the Empire by passing a law "declaring that the Colonies and Dependencies shall come within "similar coasting laws."

The matter was fully considered by the Conference, especially in regard to its bearing on our Treaties of Commerce and Navigation with certain foreign countries, as to which information was furnished by the President of the Board of Trade, and it appeared that the matter was one for further inquiry and consideration rather than immediate action. The decision of the Conference was expressed in the following Resolution:—

> "That it is desirable that the attention of the Governments of the "Colonies and the United Kingdom should be called to the present "state of the navigation laws in the Empire, and in other countries, "and to the advisability of refusing the privileges of coastwise trade, "including trade between the Mother Country and its Colonies and "Possessions, and between one Colony or Possession and another, to "countries in which the corresponding trade is confined to ships of "their own nationality and also to the laws affecting shipping with a "view of seeing whether any other steps should be taken to promote "Imperial trade in British vessels."

Mail Services and Shipping Subsidies.

The resolution proposed by the Government of New Zealand in regard to the mail services between Australia, New Zealand, Canada and Great Britain was as follows:

> "That it would be an advantage to the Empire to have subsidised "mail services established as between Australia, New Zealand, Canada, "and Great Britain. The steamers carrying such mails to be British "owned, and such steamers to be of such a class, and so fitted, that in "time of war they may be armed and used as cruisers."

It gave rise to an interesting discussion as to the effects on British trade and shipping of the subsidies granted to various foreign shipping firms by their respective Governments, and as to the grant of preferential rates of freight by British lines to foreign goods. The result of the discussion was that the following general resolution was adopted:—

> "That it is desirable that, in view of the great extension of foreign "subsidies to shipping, the position of the mail services between "different parts of the Empire should be reviewed by the respective

" Governments. In all new contracts provisions should be inserted to " prevent excessive freight charges, or any preference in favour of " foreigners, and to ensure that such of the steamers as may be suitable " shall be at the service of His Majesty's Government in war time as " cruisers or transports."

Loss of Most Favoured Nation Treatment.

In connection with the discussion of the question of preferential trade the Conference also considered the point raised by the Commonwealth Government as to the possibility of the Colonies losing most favoured nation treatment in foreign countries in the event of their giving a tariff preference to British goods. As, however, the exports from the Colonies to foreign countries are almost exclusively articles of food or raw materials for various industries, the possibility of discrimination against them in foreign markets was not regarded as serious, and as the exports from foreign countries to the Colonies are mainly manufactured articles it was recognised that if such discrimination did take place the Colonies had an effective remedy in their own hands.

Mutual Protection of Patents.

The Conference also discussed the subjects of the mutual protection of patents and the purchase of ocean cables which had been suggested by the Government of the Commonwealth. In regard to the first of these subjects the accompanying Memorandum prepared by the Comptroller of the Patent Office had been circulated to the members, and while it was felt that it was of too technical a nature for effective discussion at the Conference, there was a general feeling that it was desirable that the recognition throughout the Empire of a patent granted in one part of it should be facilitated, and that an inquiry should be instituted as to how this could be effected, and the following resolution was passed:— Appendix X.

" That it would tend to the encouragement of inventions if some " system for the mutual protection of patents in the various parts of " the Empire could be devised. That the Secretary of State be asked " to enter into communication with the several Governments in the " first instance and invite their suggestions to this end."

Purchase of Ocean Cables.

On the question of the purchase of ocean cables, the report of the recent departmental Committee on the subject of cable communications, and a Memorandum by Sir Sanford Fleming, advocating the establishment of a complete system of Government cable communication between the various parts of the Empire, had been laid before the Conference. The attention of the members was directed to the risk pointed out by the Committee of hampering and checking the construction of cables by private companies if any general scheme of State construction or purchase were adopted, and the decision arrived at was expressed in the following resolution:— Appendix XII.

" That it is desirable that in future agreements as to cable com- " munications a clause should, wherever practicable, be inserted reserving " to the Government or Governments concerned the right of purchasing " on equitable terms, and after due notice, all or any of the cables to " which the agreements relate."

Merchant Shipping Laws. Stamp Duty on Colonial Bonds.

The question of uniformity throughout the Empire of merchant shipping laws which had been suggested for discussion by the Government of the Cape was not, in the absence of the Prime Minister of that Colony, taken up, nor was that of Imperial stamp charges on Colonial bonds which had been proposed by the Government of the Commonwealth, Sir E. Barton having explained that his principal object in putting it forward was to indicate a

possible manner in which His Majesty's Government might give some return to the Colonies for any tariff preference which the Colonies might accord to British goods. A Memorandum explaining the present position of the law on this subject was prepared by the Department of Inland Revenue and laid before the Conference.

Appendix XI.

Wireless Telegraphy.

In regard to Government control of wireless telegraphy, the Admiralty explained that it was desirable that some system of general application should be in force everywhere, so that a ship might be able to communicate with any station all over the world, and also that there should be some regulation to prevent "interference" and to ensure control in time of war. It was not desired that the Conference should take any action in the matter, but that the Governments of the Colonies should not commit themselves to any particular scheme or system without previous communication with His Majesty's Government.

Metric System.

In addition to the commercial matters, of which previous notice had been given, two subjects were brought forward by the Canadian Government during the sittings of the Conference—the adoption of the metric system of weights and measures, and the question of the postal charges on newspapers and periodicals. The following resolution was passed in regard to the metric system:—

> "That it is advisable to adopt the metric system of weights and "measures for use within the Empire, and the Prime Ministers urge the "Governments represented at this Conference to give consideration to "the question of its early adoption."

Newspaper Postage.

The resolution on the subject of newspaper postage was as follows:—

> "That it is advisable to adopt the principle of cheap postage "between the different parts of the British Empire on all newspapers "and periodicals published therein and the Prime Ministers desire to "draw the attention of His Majesty's Government to the question of a "reduction in the outgoing rate. They consider that each Government "should be allowed to determine the amount to which it may reduce "such rate, and the time for such reduction going into effect."

Naturalisation.

Notice had been given on behalf of the Governments of the Cape Colony and Natal that they desired to raise the question of the naturalisation laws, and the Report of the Departmental Committee recently laid before Parliament, and the accompanying correspondence respecting a suggestion of the Dominion Government for facilitating the acquisition of rights of naturalisation throughout the Empire were laid before the members. Some exchange of views on the subject took place, but no resolution was passed.

Appendix XIII.

Professional Employment in South Africa.

Notice of a motion on the subject of admission to professional employments in the new Colonies had been given on behalf of the Government of New Zealand to the following effect:—

> "That in arranging for the administration of that portion of the "Empire known formerly as the South African Republic and the "Orange Free State, provision should be made that duly qualified "members of the learned and skilled professions now admitted, and here-"after to be admitted, to practise in the Dominion of Canada, the "Commonwealth of Australia, and in New Zealand be allowed to practise "within the newly-acquired territories referred to."

Appendix XIV.

The accompanying précis showing the action which had been taken in the matter by the Administration of the Transvaal and the Orange River Colony was distributed to the members of the Conference. There was a general

feeling that the condition laid down by the Government of the Colonies for the reciprocal admission of professional men from them to practise in the self-governing Colonies was reasonable and proper, and the resolution was modified to meet this view, and was passed in the following terms:—

"That in arranging for the administration of the Transvaal and "the Orange River Colony it is desirable that provision should be made "that duly qualified members of the learned and skilled professions now "admitted, and hereafter to be admitted, to practise in the self-governing "Colonies be allowed to practise within the newly-acquired territories "on condition of reciprocal treatment in the Colonies concerned."

Sir Wilfrid Laurier dissented from the resolution, stating his reasons as follows:—

"This is a Conference of the self-governing Colonies. Those "Colonies which it is sought to affect by this motion are not repre- "sented at this Board. They are Crown Colonies now, and, for my "part, I think it is questionable wisdom, however meritorious the end "may be, to attempt to dictate or suggest what should be done in these "countries, which are in an exceptional condition. I think it would be "far better to confine ourselves to the Colonies we represent on this "Board in their relations with the Mother Country. It might serve a "good purpose if there were reciprocity, but we know the conditions in "my own country. We have not yet been able to reconcile our own "differences from province to province so as to get an uniform system. "Under these circumstances, how can we expect that conditions which "prevail in one country or another can be accepted elsewhere? For "my part, I am very strongly of opinion that we should leave this "question entirely to the responsibility of the Government concerned, "both of the Transvaal and the Orange River Colony."

The representatives of Canada desired to bring before the Conference the question of the law under which live cattle imported into this country from Canada are required to be slaughtered at the port of landing.

It was considered, however, that the matter was not of sufficient general interest to be dealt with by the Conference, and arrangements were made for its discussion privately with the President of the Board of Agriculture.

A similar course was adopted in regard to the relations of the Commonwealth and New Zealand with the Islands of the Pacific, which formed the subject of informal discussion between Sir E. Barton and Mr. Seddon and the Colonial Office.

Victoria Memorial.

During the sitting of the Conference the Prime Ministers intimated their intention to ask their several Parliaments to vote the following sums towards the Queen Victoria Memorial:—

	£
The Dominion of Canada	30,000
The Commonwealth of Australia	Reply not yet received.
New Zealand, not less than	15,000
The Cape Colony	20,000
The Colony of Natal, not exceeding	10,000
The Colony of Newfoundland	2,000

At the final meeting Sir Wilfrid Laurier moved the following Resolution which was carried unanimously:

"The Members of this Conference, representing the self-governing "Colonies, desire, before they separate, to convey to Mr. Chamberlain "their warm and sincere appreciation of the manner in which he has "presided over their deliberations, as well as of the many courtesies "which they have received from him; they desire also to put on record "the deep sense of gratitude which they feel for the generous hospitality "which has been extended to them by the Government and people of "the United Kingdom."

APPENDIX I.

BRITISH EMPIRE.

MILITARY AND NAVAL EXPENDITURE, 1898–99.

Year ending		Population.	Military Expenditure (ordinary Services).	Military Expenditure per head of Population.	Naval Expenditure.	Naval Expenditure per head of Population.	Naval and Military Expenditure.	Naval and Military Expenditure per head of Population.
Estimates 1902–3.	UNITED KINGDOM - - -	41,454,621 (Census, 1901.)	£ 29,310,000	£ s. d. 0 14 1¾	£ 31,255,500	s. d. 15 1	£ 60,565,500	£ s. d. 1 9 2¾
30.6.99	CANADA - - - -	5,312,500	533,553	0 2 0	Nil	Nil	533,553	0 2 0
„	NEWFOUNDLAND - - -	210,000	8,800	0 0 10	Nil	Nil	8,800	0 0 10
„	NEW SOUTH WALES - - -	1,356,650	185,699	0 2 8¾	47,207	0 8¼	232,906	0 3 5
„	VICTORIA - - - -	1,163,400	130,640	0 2 3	57,883	1 0	188,523	0 3 3
„	QUEENSLAND - - - -	512,604	68,285	0 2 8	28,200	1 1¼	96,485	0 3 9¼
„	SOUTH AUSTRALIA - - -	370,700	15,762	0 0 10¼	16,642	0 10¾	32,404	0 1 9
„	WESTERN AUSTRALIA - -	171,032	12,336	0 1 5¼	4,626	0 6½	16,962	0 1 11¾
31.12.99	TASMANIA - - - -	182,508	8,922	0 0 11½	5,065	0 6½	13,987	0 1 6
31.3.99	NEW ZEALAND - - -	756,505	105,477	0 2 9½	20,830	0 6½	126,307	0 3 4
30.6.99	CAPE OF GOOD HOPE - - -	2,265,556	307,714	0 2 8½	30,000	0 3¼	337,714	0 2 11¾
„	NATAL (Population for 1898) -	902,365	219,371	0 4 10½	12,000	0 3¼	231,371	0 5 1¾
	TOTAL POPULATION - -	13,203,820	1,596,559	0 2 5	222,453	0 4	1,819,012	0 2 9

APPENDIX II.

CANADIAN, AUSTRALIAN, AND NEW ZEALAND CONTRIBUTIONS TO THE WAR.

	1. Number of Men.	2. Expenditure.	3. Number per 1,000.	4. Expenditure per Head of Population.	5. Proportionate Number for United Kingdom.	6. Proportionate Expenditure for United Kingdom.
		£		£ s. d.		£
Canada	8,400*	620,000†	1⅔	0 2 4	70,000	4,900,000
New South Wales	6,208	391,620	4½	0 5 9	189,000	12,075,000
Victoria	3,897	138,327	3⅓	0 2 3	140,000	4,725,000
Queensland	2,903	203,154	6	0 8 7	252,000	18,025,000
South Australia	1,494	82,068	4	0 4 6	168,000	9,450,000
Western Australia	1,165	51,646	6⅓	0 5 8	266,000	11,900,000
Tasmania	796	38,393	4⅔	0 4 6	196,000	9,450,000
New Zealand	6,000‡	334,000§	8	0 8 8	336,000	18,200,000
	30,863	—	—	—	—	—
United Kingdom	355,753	222,974,000‖	8½	5 7 2	355,753	222,974,000

* Including garrison sent to Halifax to relieve Imperial Garrison.
† Excluding Lord Strathcona's expenditure.
‡ Approximate.
§ Excluding liability for pensions, 3,000*l.* per annum.
‖ Excluding public subscriptions, which are included in the figures for the Colonies, where possible.

APPENDIX III.

Colonial Troops for Imperial Service in War.

MEMORANDUM BY THE COLONIAL DEFENCE COMMITTEE.

THE Secretary of State for the Colonies has referred to the Colonial Defence Committee, for their consideration, a copy of the following Notice of Motion which has been formulated by the Government of New Zealand for discussion at the Conference of Colonial Premiers to be held shortly after the Coronation:—

> "*That it is desirable to have an Imperial Reserve Force formed in each of His Majesty's dominions over the Seas for service in case of emergency outside the Dominion or Colony in which such reserve is formed. The limits within which such reserve force may be employed outside the Colony wherein it is raised to be defined by the Imperial and Colonial Governments at the time such reserve is formed, and to be in accordance with any law in force for the time being respecting the same. The cost of maintaining and equipping such Imperial Reserve Force to be defrayed in such proportion and manner as may be agreed upon between the Imperial and Colonial Governments.*"

The Secretary of State for War, at the suggestion of the Secretary of State for the Colonies, has referred to the Committee a paper drawn up for the War Office by Lieutenant-Colonel Altham, C.M.G., Assistant Quartermaster-General at Headquarters, on the organization of Colonial troops for Imperial service. The paper is printed as an Appendix to this Memorandum.

2. The principle brought forward in the Notice of Motion is identical with that embodied in "The New Zealand Defence Act Amendment Act, 1900," which was discussed by the Colonial Defence Committee in their Memorandum No. 271 M, dated the 2nd August, 1901. In that Memorandum they pointed out that the Act represented the first attempt by a Colony to evolve such an organization of its military resources as would enable it to place in the field trained troops available for Imperial service outside the Colony, and they expressed the opinion that the measure constituted an important step towards facilitating the conception and execution of comprehensive schemes of Imperial defence.

Such schemes, drawn up to meet the conditions of the various wars in which the British Empire might be engaged, involve the despatch by sea of a certain number of expeditionary forces as soon after the outbreak of war as naval conditions permit. These forces may be required to reinforce the local troops in any part of the Empire specially exposed to attack. For such a purpose, troops despatched by the self-governing Colonies would be of special value: no European Power other than Great Britain is in a position to draw on large communities of white subjects outside Europe for military assistance, and the action of expeditionary forces based on Australasian and Canadian ports might be of great importance during the early stages of a war. But in order that the operations of the various expeditionary forces should be effectively combined, it is essential that the co-operation of all should be assured, and that each force should be efficient in all respects for the service required of it.

3. Lieutenant-Colonel Altham's paper, written from the point of view of the Department of the Headquarter Staff, which has recently been charged, under the control of the Commander-in-Chief, with the preparation and maintenance of detailed plans for the military defence of the Empire, lays special stress on these two essential points, and makes definite suggestions in regard to the organization of contingents for Imperial service from the self-governing Colonies.

The Colonial Defence Committee are in entire accord with the principles laid down in this paper, and are of opinion that the detailed proposals in regard to organization are based on a correct appreciation of the military resources and requirements of the various Colonies, and deserve the most favourable consideration of the Governments of Australia, New Zealand, and Canada.

4. It is fully realized that arrangements for ensuring the combined military action of all parts of the Empire in times of great emergency must be dependent on the voluntary co-operation of the self-governing Colonies. In such a contingency it will be essential to success that the military forces of the Empire should be employed against the common foe in conformity with one general plan, and that the supreme military control of those forces should be vested in one central authority. The disadvantage of divided military counsels and disconnected enterprises in war is apparent from the study of all military history.

The general plans for the defence of a great nation against the most serious dangers which it may be required to face must be drawn up in peace time, as on them should be based the organization of the national forces and their preparation and training for war. But it is necessary for the preparation of such general plans and for the due elaboration of subsidiary schemes of offence and defence that the central authority which is responsible for the defence of the Empire as a whole should know in peace what forces are likely to be at its disposal in time of war.

For these reasons the Colonial Defence Committee earnestly hope that the great self-governing Colonies may be able to give some assurance as to the strength of the contingents which they would be able to place at the disposal of His Majesty's Government for extra-Colonial service in a war with a European Power. On the other hand, the Committee suggest that it would be of advantage if the Imperial authorities could confidentially communicate to the Colonial authorities the general nature of the duties which it is proposed to assign to their contingents in such a war.

5. The two points embodied in the second and third sentences of the Notice of Motion are dealt with on lines differing somewhat from the provisions of the New Zealand Act already referred to.

In the Act it was proposed to fix the limits within which the Imperial Reserve Force might be employed on Imperial service by subsequent Act or by Resolution of both Houses of the Colonial Legislature. It is now proposed that these limits should be defined by the Imperial and Colonial Governments at the time such reserve is formed, and should be in accordance with any law in force for the time being respecting the same.

It is no doubt necessary that the individual enrolling in the Imperial Reserve should be aware before enrolment of the extent of his liabilities; but a geographical definition of the limits of service in a public Act will be attended with difficulty, and possibly open to objection. It would be preferable that enrolment in the Imperial Reserve should simply be for general service in the event of war with one or more European Powers. These conditions appear to be sufficiently definite for the individual, while they leave the mode of employment of the force to be settled, as already explained, between the Imperial and Colonial Governments.

6. The concluding sentence of the Notice of Motion lays down that the cost of maintaining and equipping the Imperial Reserve Force is to be defrayed in such proportion and manner as may be agreed upon between the Imperial and Colonial Governments.

The New Zealand Act of 1900 was silent on this point, but it was implied that no expenditure from the British Exchequer in time of peace was involved—a course which certainly avoided questions of divided responsibility and some other difficulties. Although the cost of the present scheme is very small compared with that already borne by the taxpayer of the United Kingdom for the defence of the Empire, the principle of Imperial subsidies for the maintenance in peace of Colonial troops is a

new one, and the matter is one that cannot be dealt with apart from the general question of the incidence of the cost of Imperial defence, which, the Colonial Defence Committee understand, is to be discussed in its most important aspect—viz., that of naval expenditure, at the Conference of Colonial Premiers. The Committee therefore confine themselves to expressing the hope that the present scheme, of which the initiative is due to the Government of one of the self-governing Colonies, will not be allowed by those Colonies to fall through on financial grounds. The cost involved is small in proportion to the direct advantage to the Colonies themselves of having at hand troops organized and available at short notice for expeditionary service, while the possession of such forces, which it would be impossible to supply by means of extemporised efforts, would enable them to take an active share in protecting and securing their own interests which are inseparable from the general interests of the Empire.

(Signed) J. E. CLAUSON, *Secretary*,
Colonial Defence Committee.

June 13, 1902.

APPENDIX.

The Organization of Colonial Troops for Imperial Service.

[By Lieutenant-Colonel E. A. Altham, C.M.G., Assistant Quartermaster-General at Headquarters.]

General Principles.

PRIOR to the outbreak of the war in South Africa, so far as any general scheme for the defence of the Empire as a whole had been considered, it was assumed that the military responsibilities of our great self-governing Colonies were limited to local defence and that the entire burden of furnishing reinforcements to any portion of the Empire against which a hostile attack in force might be directed must fall on the regular army. There may possibly have been some pious hope that in time of need the Colonies might rally to the Mother Country, but no definite arrangements were made, nor were inquiries even on foot, as to whether such aid might be expected, and, if so, in what strength. Indeed, the necessity for it was by no means realized and its reliability was doubted.

2. The experience of the South African war has, however, established two important facts:—

(*a.*) That the regular army, as organized before the war, was by itself inadequate in strength to the military needs of the Empire.

(*b.*) That the self-governing Colonies are willing and able to assist in making good some part of the deficiency in military strength which the war has disclosed.

3. The present war has in fact been a valuable illustration of the necessity for organizing the defence of the Empire against far graver contingencies; and it is essential to preparation, that it should be definitely known in peace what forces can be relied on in war.

Success in a great war can only be ensured by a continuous policy of careful organization and preparation in peace.

4. For these reasons the definite organization in peace of the assistance which the Colonies would be willing and able to place at the disposal of the Imperial military authorities in war is a vital matter.

5. Before approaching the solution of this question it is desirable to recapitulate briefly certain general principles:—

(*a.*) The main burden of a great struggle between the British Empire and one or more States of European race or descent must be borne by the white subjects of the King.

(*b.*) Military contingents therefore of other than men of European descent need not be considered with regard to this particular problem, although the great value of the Indian army, and the usefulness of the African and other native forces are fully recognized.

(*c.*) The white population of all Colonies other than the great self-governing Colonies being very small, their power of contributing substantial aid to the Empire would be insignificant and would for practical purposes only suffice for assistance in local self-defence. The problem therefore is narrowed to the consideration only of the case of the self governing Colonies, *i.e.*, Australia, New Zealand, Canada, and South Africa.

(*d.*) Under the existing conditions of the political constitution of the Empire there is no central authority vested in the Imperial Government, which is empowered to draw up in London and enforce throughout the Empire a definite uniform organization for Imperial service.

We can only make suggestions to the self-governing Colonies and rely on the good-will and loyalty of their various Ministries to give effect to our suggestions. In making these suggestions, however, we may well call attention to the self-evident fact that in a great war the Empire must stand or fall as a whole, and that therefore in

assisting the Empire, wherever assistance is needed, the Colonies will but be defending themselves.

(*e.*) To secure, however, the willing co-operation of the self-governing Colonies in establishing a sound military organization for mutual aid, it is necessary to have most careful regard to local conditions and developments. So long as essentials are secured, the greatest local freedom should be given as to details.

(*f.*) There are only two conditions really essential:—

(i.) That the supreme authority, which is responsible for the defence of the Empire as a whole, should be able to rely with certainty on Colonial contingents of definite strength being available for defensive or offensive operations in any part of the world, as soon as His Majesty's Navy has acquired such command of the sea as will permit of transmarine movement of troops.

(ii.) That these contingents should be efficient both in equipment and training.

6. Having regard, therefore, to these preliminary considerations, it would appear expedient to state briefly the main features of the existing military organization of each group of the self-governing Colonies, and then to examine how far such organization can be utilized to further the object in view.

Australia.

7. The six Colonies of the Commonwealth of Australia have each a separately organized military force, serving under varying conditions. The whole of these forces were, on federation, placed under the control of the Federal Government, and, as soon as a headquarter staff has been appointed, the conditions of service will no doubt be assimilated throughout the Commonwealth. Broadly speaking, all six Colonies, except West Australia, have three categories of troops:—

(1.) Permanent Corps.
(2.) Partially paid or Militia.
(3.) Volunteers.

West Australia has only two, permanent and Volunteers. The following was the existing strength of the force in each Colony on the 31st December last:—

	Permanent.	Partially Paid.	Volunteers.	Total.
New South Wales	646	5,987	3,232	9,865
Queensland	293	3,021	714	4,028
South Australia	43	2,889	...	2,932
Western Australia	522	2,174	...	2,696
Tasmania	27	262	1,735	2,024
Victoria	389	3,484	2,462	6,335
Total	1,920	17,817	8,143	27,880

All the above forces are recruited by voluntary enlistment, but in the Colonies of Queensland, South Australia, and Tasmania every male inhabitant between certain ages is legally liable to compulsory military service in the case of invasion or insurrection.

The permanent forces consist mainly of Staff, Artillery, and Engineers. The pay of privates, sappers, and gunners varies from 2*s.* 3*d.* to 7*s.* per diem.

The partially paid forces are enlisted for a short term of years, and their course of annual training comprises a varying number of drills (*e.g.*, in the case of Victoria, 15 half-days and 24 night drills), a period of from four to eight days in camp, and an annual course of musketry. The system of payment also varies. In Victoria, for instance, privates completing all the above requirements receive 7*l.* 10*s.* per annum. In New South Wales payment is made at the rate of 8*s.* for a full day's drill, 4*s.* for half-day, and 2*s.* for each night drill, with an annual bonus of 1*l.* if efficient. In South Australia there is also an annual allowance of from 1*l.* to 4*l.* for the men, and 3*l.* to 7*l.* 10*s.* for the officers.

The Volunteers are run much on the same lines as those in the United Kingdom. The Colonial Defence Committee have recommended their abolition and that, with the exception of a nucleus of permanent troops, the Australian forces should be composed entirely of partially paid troops.

As each Colony has at present a separate Military Ordinance or Defence Act, the conditions under which the various forces are liable to be called out for active service somewhat vary in their terms, but speaking broadly, there is a general liability, "in the event of war or danger of war," to service in any part of Australia.

8. These various forces have been organized for the separate defence of their respective Colonies, and for each Colony a local Scheme of Defence has been drawn up by the local

authorities. Fortunately, however, the Colonial Defence Committee have for years been given annually an opportunity of criticising these schemes, and the constant supervision of that body has ensured the observance of sound general principles and the maintenance of a uniform system of defence. The schemes are all based on the general principle that Australia will be protected by the Navy from organized attack on a large scale. They look only to the protection of the important ports in the temporary absence of His Majesty's ships by means of fixed defences and moderate garrisons, and to the provision in each Colony of a field force to repel any attempt to land on the undefended coast-line.

9. The possibility of co-operation between the forces of the various Australian Colonies in external enterprises in war has, however, been for more than ten years in the minds of the military authorities in Australia.

In May 1890, the Colonial Defence Committee pointed out that, in the event of a serious war, the military rôle contemplated by the Australian Colonies need not necessarily be restricted to the passive defence of their ports. These Colonies would doubtless desire to accept some share in the general defence of the Empire, and to enable them to do so it was essential that their land forces should be organized on a common basis, so as to be capable of being brought together for concerted action.

This suggestion was carefully considered at conferences of the Commandants of the Australian forces held in October 1894 and January 1896, and a provisional scheme was drawn up under which certain existing units were selected from each Colony and allotted to an "Australian Field Force," which was thus built up to a strength of one mounted brigade and one infantry division. The mounted brigade included three regiments of mounted rifles, a battery of artillery, ammunition column, mounted detachments, engineers, &c., its total war establishment being 2,670. The division included a brigade division of field artillery, a company of engineers, and departmental details, having a total war establishment of 9,526.

In their recent Memorandum No. 254 M, which was specially drawn up on the 3rd April, 1901, for the guidance of the Commonwealth Ministry in carrying out the federation of the military forces of Australia, the Colonial Defence Committee again drew attention to this matter, and pointed out that federation will make it now possible to provide a homogeneous and efficient force "which can to some extent undergo combined training in peace and which will be capable of rapid mobilization in war."

In a subsequent Memorandum, No. 281 M, dated the 1st November, 1901, on the armament of field artillery in Australia and New Zealand, the Colonial Defence Committee have further suggested that, as the Australian has proved in South Africa his special aptitude for the rôle of mounted rifleman, the Federal Field Force should be organized in two mounted brigades and one infantry brigade; that the mounted brigades should be drawn from the pastoral districts, where the physical qualifications of the inhabitants fit them specially for this work; and that the infantry brigade should be built up from general service companies raised from those members of certain corps who would be willing to undertake liability for extended service in time of war.

These suggestions have been recently approved by the Secretary of State for War, and transmitted to Australia by the Colonial Office.

10. As yet no further practical steps have been taken in Australia to complete the organization of the Federal Field Force proposed by the Colonial Defence Committee, but there are grounds for hoping that the general principles involved are acceptable to the minds of Australian statesmen, and that as soon as the working machinery of an Australian Headquarter Staff has been set in motion the question will be definitely taken up and the necessary legal powers obtained from the Commonwealth Legislature.

Having regard, then, to the principles already submitted in sub-paragraphs (*e*) and (*f*) of paragraph 5, we shall do better if we utilize and adapt to our purpose these ideas, which have developed almost to fruition in Australian minds, than if we attempt to thrust upon them fresh proposals. A force of two mounted brigades and an infantry brigade would probably give a total strength of about 9,000 men. In time, Australia may fairly be expected to considerably increase this.

11. As regards Australia, therefore, it is submitted that it should be the policy of His Majesty's Government to encourage an organization for Imperial service on the following lines:—

(1.) The field force of the strength above suggested, viz., two mounted brigades and one infantry brigade, to be at the disposal of the Imperial Government for general service, in the case of war between Great Britain and one or more European Powers, as soon as the naval authorities are in a position to undertake the responsibility for the movement of troops by sea.

(2.) This contingent to be termed "the Imperial Australian Force;" its officers to be nominated by the Governor-General on the advice of his Ministry and granted by the King temporary rank in the Army; the right to be reserved to His Majesty to appoint, on mobilization, a General Officer to take supreme command and a Headquarter Staff, but the latter to be selected, in the main, from Australian officers.

(3.) Officers and men belonging to the force to be trained in peace time on the same system

as that adopted for the partially paid forces of Australia, but to engage for periods of not less than two years to serve in war wherever required. In consideration of this agreement, all officers and men who carry out the conditions of their annual course of training to be given a retaining fee (in addition to their military pay).

(4.) All units of the force to be inspected in the field annually by the General Officer Commanding in Australia, and his Report to be forwarded by the Commonwealth Ministry for the information of the Commander-in-Chief.

(5.) Officers and men, on mobilization, to receive pay at the same rates as those adopted for the permanent forces of Australia. When serving outside Australia they will be subject to the Army Act.

(6.) Mobilization stores, to enable the force to take the field fully equipped, to be maintained locally in Australia.

(7.) All other details of organization to be settled by the local authorities, but *so far as possible* the officers and men should be organized in peace in the battalions, regiments, and brigade divisions, or at least in the batteries, companies, and squadrons to which they would belong in war. The scheme for bringing these units together into a higher organization on mobilization must be carefully worked out in peace, and be complete in every detail.

12. It will be observed that the above lines are suggested as those on which the Commonwealth Ministry should be *encouraged* to work. How and in what form these suggestions can be best laid before the Australian Ministry is a delicate matter which needs careful consideration. It is believed to be the policy of His Majesty's Government not to press the self-governing Colonies in such matters, but to look rather to the Colonies to take the initiative. It is understood, however, that the subject of colonial co-operation in Imperial defence is likely to be mentioned at a Conference of Colonial Premiers, which will probably be held on the occasion of the King's Coronation; if so, this would be an admirable opportunity for the free exchange of the views of His Majesty's and the Colonial Governments. The matter is, however, one on which it is desirable that the Colonial Office should be consulted, and possibly it may be also thought expedient that the details of this scheme should be referred to the Colonial Defence Committee for consideration.

New Zealand.

13. The military forces of New Zealand consist of—

(1.) Permanent militia.
(2.) Militia.
(3.) Volunteers.

Force (2) comprises all male inhabitants (except volunteers and seamen) between the ages of 17 and 55, and is liable to an annual training not exceeding 168 hours in the year, but at present it is neither trained nor organized.

The strength of the trained forces of the Colony was as follows on the 31st December last:—

	All Ranks.
Permanent	299
Volunteers	17,003
Total	17,302

The New Zealand forces have, in training, organization, and discipline been in past years somewhat behind the Australian Colonies. Nevertheless, New Zealand may take great credit in that it is the first and, as yet, the only Colony in the Empire to enact legislation permitting the enrolment of colonists as an Imperial reserve. The section of "The New Zealand Defence Act Amendment Act, 1900," creating this Reserve, is printed in the Appendix of Memorandum No. 271 M, of the Colonial Defence Committee, which discusses in detail the effect of this measure. It will be observed that the Committee recommend that the Reserve should be organized as a separate Field Force on the same lines as the Australian Field Force.

The Secretary of State for War has approved of this recommendation, and it may therefore be assumed that the same policy should be adopted as regards the treatment of this question in New Zealand as has been already proposed for Australia. The contingent from this Colony might be termed "the Imperial New Zealand Force," and the conditions suggested in paragraph 11 might be applied *mutatis mutandis*.

The present war has caused a remarkable military revival in the Colony, and during the last year the Mounted Rifles increased in strength from 1,194 to 6,474, and the Infantry from 4,997 to 7,873. If these figures are maintained, it would seem possible to organize, for Imperial service, a mounted brigade and two battalions of Infantry, say in all about 4,000 men.

South Africa.

14. The excellent material which exists in the manhood of South Africa for building up in the future a valuable addition to the forces of the Empire is very manifest. The war has further shown that life on the veld even in peace time ensures the possession of that readiness of resource and natural instinct which are essential to a soldier in the field under the conditions of modern war. It is evident that men in possession of these natural advantages require less training for war than lads born and bred in the large cities of civilized countries.

It may be hoped in the future, therefore, that we may be able to take advantage of this admirable recruiting ground, and that both the Dutch as well as the English colonists of South Africa may some day fight for the Empire side by side with the Regular Army. It is obvious, however, that at the present moment the consideration of any scheme for the organization of an Imperial South African force would be mere academical labour.

Canada.

15. The Canadian military force consists entirely of militia, in which all male inhabitants of Canada between the ages of 15 and 60 (excepting only Ministers of religion, Judges, professors, &c.) are liable to serve.

This force is divided into—

(*a.*) Permanent.
(*b.*) Active.
(*c.*) Reserve.

The two first classes are recruited by voluntary enlistment; the third, which is untrained and unorganized, comprises the rest of the male population.

The establishment of the first two classes are as follows:—

	All Ranks.
Permanent	1,021
Active	37,131
Total	38,152

The active Militia undergoes an annual training, the rural corps go into camp for twelve days, the "city corps" being drilled in towns. In his annual Report of January last, the General Officer Commanding Canadian Militia states that the city corps have absolutely no training whatever in the field duties of a soldier, and that the rural corps "will never be made even fairly fit to take the field with the limited period of annual training that they receive under existing conditions." In the event of war with the United States it is on this Canadian Militia that must depend the entire safety of Canada until reinforcements arrive from England. It may, therefore, be concluded that the best way in which Canada can co-operate in Imperial defence is by making her militia an efficient force. It is more important that the Canadian Ministry should be strongly pressed to take this reasonable precaution than that they should maintain contingents for general Imperial service.

16. Nevertheless, the services rendered by Canadians in South Africa, as well as the history of the last Anglo-American war, show that the Canadians are excellent fighters, and would be a valuable addition to the Imperial forces. It is reasonable to assume that Canada will desire to co-operate with Australia in any steps that may be taken for creating a permanent organization of Colonial Imperial forces, and, if such a desire be felt, there are strong political reasons for encouraging it. Moreover, it is possible that, by the example of a Canadian Imperial force, the militia generally might be worked up to a higher standard of efficiency.

The strategical position of Canada makes it, however, unwise that any very large contingent should be drawn from her defence force unless the strength of that force should in the future be increased. It is suggested, therefore, that if a Canadian Imperial force be organized, it should be limited, for the present, to a brigade division of field artillery and a brigade of infantry. The force might be organized on lines similar to those suggested for Australia.

General Summary.

17. The proposals made in this paper contemplate, therefore, the organization of the following Colonial troops for general Imperial service in war :—

Colony.	Units.	Approximate Strength.
Australia	2 Mounted Brigades	9,000
	1 Infantry Brigade	
New Zealand	1 Mounted Brigade	4,500
	2 Infantry Battalions	
South Africa ...	[?]	[?]
Canada	1 Brigade Division, Field Artillery	3,000
	1 Infantry Brigade	
	Total	16,500

(Signed) E. A. ALTHAM, *A.Q.M.G.*

War Office, November 25, 1901.

APPENDIX IV.

Memorandum on Sea-Power and the Principles involved in it.

The importance which attaches to the command of the sea lies in the control which it gives over sea communications. The weaker sea-power is absolutely unable to carry to success any large military expedition over sea. The truth of this is shown by reference to the history of the past.

In ancient times the Greek victory of Salamis threatened the Persian communications across the Dardanelles, and doubtless this danger contributed to bring about their retreat into Asia.

The failure of the famous Syracusan expedition was due to the defeat of the Athenian fleet, and had its modern counterpart in the failure of Admiral Graves off the entrance to Chesapeake Bay in 1781. In both cases the army had to surrender because its communications were cut. The defeat of Nikias dealt a heavy blow to the supremacy of Athens, and may, perhaps, be said to have been one of the principal events which led to her downfall. The surrender of Cornwallis at Yorktown was the prelude to the independence of the United States.

The main cause of the failure of the expedition of Napoleon to Egypt was the defeat of the French fleet at the Nile, which was the first step towards cutting his communications with France, and the subsequent surrender of the French army.

On the other hand, the advantages which accrue to the stronger sea-power, after it has won the command of the sea, are equally illustrated by historical example.

The fall of Quebec and the conquest of French Canada was mainly due to the fact that our superior sea-power closed the Gulf of St. Lawrence to the French and opened it to us. In any similar struggle in the future, this route will be as vital as in the past.

The expedition to Egypt under Abercromby in 1801, the Peninsular war, the expedition to the Crimea, the South African war just concluded, are all instances of great military enterprises which could only have been carried out by a nation holding the command of the sea.

The command of the sea is determined by the result of great battles at sea, such as Salamis, Actium, Lepanto, those which led up to the defeat of the Armada, and those between the Dutch and English in the 17th century, in which each side concentrated his whole available force for the decisive struggle.

To any naval Power the destruction of the fleet of the enemy must always be the great object aimed at. It is immaterial where the great battle is fought, but wherever it may take place the result will be felt throughout the world, because the victor will afterwards be in a position to spread his force with a view to capturing or destroying any detached forces of the enemy, and generally to gather the fruits of victory, in the shape of such outlying positions as the New Hebrides, Fijis, Singapore, Samoa, Cuba, Jamaica, Martinique, the Philippines, Malta, or Aden, which may be in possession of the enemy, his shipping and commerce, or even to prosecute such oversea campaigns as those in the Peninsula and South Africa.

Stress is laid on the importance of the great battle for supremacy, because the great development of the navies of France, Germany, the United States, and Russia, indicate the possibility that such battles may have to be fought in the future. It is the battleships chiefly which will have to be concentrated for the decisive battle, and arrangements with this object must be made during peace.

The geographical conditions and the varied interests of the maritime powers prevent such complete concentration in modern times as was practicable in

the past. Thus Russia divides her battleships between the Baltic and Pacific; the United States between the Atlantic and Pacific; both Germany and France. have concentrated in European waters, where also the greater part of the British battleships are massed.

Our possible enemies are fully aware of the necessity of concentrating on the decisive points. They will endeavour to prevent this by threatening our detached squadrons and trade in different quarters, and thus obliging us to make further detachments from the main fleets. All these operations will be of secondary importance, but it will be necessary that we should have sufficient power available to carry on a vigorous offensive against the hostile outlying squadrons without unduly weakening the force concentrated for the decisive battle, whether in Europe or elsewhere.

The immense importance of the principle of concentration and the facility with which ships and squadrons can be moved from one part of the world to another—it is more easy to move a fleet from Spithead to the Cape or Halifax than it is to move a large army, with its equipment, from Cape Town to Pretoria—points to the necessity of a single navy, under one control, by which alone concerted action between the several parts can be assured.

In the foregoing remarks the word *defence* does not appear. It is omitted advisedly, because the primary object of the British Navy is not to defend anything, but to attack the fleets of the enemy, and, by defeating them, to afford protection to British Dominions, shipping, and commerce. This is the ultimate aim.

To use the word *defence* would be misleading, because the word carries with it the idea of a thing to be defended, which would divert attention to local defence instead of fixing it on the force from which attack is to be expected.

The traditional rôle of the British Navy is not to act on the defensive, but to prepare to attack the force which threatens—in other words, to assume the offensive. On one occasion England departed from her traditional policy, and acting on the defensive, kept her ships in harbour unrigged and unmanned, with the result that the Dutch fleet sailed up the Medway and burnt the ships of war at their moorings.

The strength and composition of the British Navy, or of any British squadron, depends, therefore, upon the strength and composition of the hostile forces which it is liable to meet.

The total estimated National Expenditure for 1902-3, exclusive of war charges, amounts to 129,159,000*l.*, of which the Navy Estimates account for 31,255,500*l.*, or about one-fourth, which is equal to a contribution of 15*s.* 1*d.* per head of the population of the United Kingdom. If this were divided equally per head among the white population of the Empire, the charge per head would amount to 12*s.* 0¼*d.* For the actual naval expenditure per head in the several parts of the Empire, *see* Appendix A.

The annual value of British trade, which it is the ultimate object of the Navy to protect, amounted in 1900 to:—

	£
Trade of United Kingdom with foreign countries -	665,895,000
British Dominions beyond the Seas -	211,555,000
Total trade of United Kingdom - -	877,450,000
Total trade of British Dominions beyond the Seas with foreign countries and among themselves - -	327,500,000

Of this last about one-third is estimated to be inter-colonial.

It will be seen that about one-fourth of the total trade of the Empire is not directly connected with the United Kingdom.

The question may with advantage be further considered with reference to:—

1. Atlantic Ocean.
2. Eastern Seas and Pacific Ocean.

The trade which passes the West Coast of Africa cannot be placed at a less value than 140,000,000*l.* per annum, of which about one fourth is with South African ports, one-third with Australasia, and one-fourth with South America. South Africa, Australia, and New Zealand are therefore each interested in the maintenance of a squadron on the West Coast of Africa sufficiently powerful to protect this trade.

The British Trade in the North Atlantic to the continent of North America amounts to upwards of 200,000,000*l.* per annum, of which about five-sixths is with the United States.

The trade of Canada in 1900 amounted to 76,582,000*l.*, of which about 31,341,000*l.* was with the United Kingdom, 1,882,000*l.* with other British Dominions, and the remainder with Foreign countries, including the United States. Canada would therefore be interested in the success of the British squadrons employed in protecting this trade along its whole route. Canada is therefore interested in the strength of the British fleet as a whole, and not only in the North American squadron.

The cost of maintaining the British squadrons on these stations, exclusive of any interest or sinking fund on the first cost of building is 802,000*l.* per annum. This is included in the General Naval Vote, which is borne by the United Kingdom aided by annual payments, spontaneously offered, by the Cape of Good Hope of 30,000*l.* and by Natal of 12,000*l.* in lieu of 12,000 tons of coal.

The magnitude of the trade in Eastern waters is shown in the following table, which gives the total value of the exports and imports in 1900 in the States mentioned:—

—	With United Kingdom.	Inter Colonial with Commonwealth.	With other British Dominions.	With Foreign Countries.	Total.
	£	£	£	£	£
Commonwealth of Australia.	50,582,000	27,264,000	11,675,000	25,053,000	114,574,000
New Zealand - -	16,764,000	—	4,502,000	2,627,000	23,893,000
India - - -	66,124,000	—	26,214,000	49,874,000	142,212,000

Thus, less than half the trade is with the United Kingdom, and yet the cost of maintaining the British squadrons in the Eastern Seas and Pacific, which are ultimately charged with the protection of the whole, is thus apportioned:—

Great Britain - -	£1,994,400
Commonwealth of Australia -	£75,500
New Zealand - -	£15,500
India - - - -	£161,600

The total charge, exclusive of any interest or sinking fund on the first cost of building, amounts to 2,247,000*l.* per annum.

Admiralty,
June, 1902.

APPENDIX "A."

BRITISH EMPIRE.

NAVAL EXPENDITURE.

Year.	—	Population.	Naval Expenditure.	Naval Expenditure per Head of Population.	Remarks.
			£	s. d.	
1902–3 -	United Kingdom -	41,454,621	31,255,500	15 1	
		1901.	1900.		
	New South Wales -	1,352,509	47,831	8½	
	Victoria - - -	1,199,068	59,401	1 0 nearly.	
	Queensland - -	496,596	34,796	1 2	
	South Australia -	362,604	17,594	11⅔	
	Western Australia -	182,553	4,732	6¼	
	Tasmania - -	172,475	4,970	7 nearly.	
	Total—Australia -	3,765,805	169,324	10¾	
	New Zealand -	772,719	20,924	6⅓	
30.6.99 -	Canada - -	5,312,500	Nil - -	Nil.	
„ -	Newfoundland -	210,000	Nil - -	Nil.	
„ -	Cape of Good Hope (White).	538,000	30,000	1 1¼	£30,000 paid annually towards expenditure of Imperial Government.
1898 - -	Natal - - -	53,688	12,000	4 5¾	£12,000 paid in lieu of 12,000 tons of coal.
31.3.99 -	*India -	216,710,483 Europeans 168,000	413,747 (for year 1900)	—	

* Includes £100,000 contribution towards H.M. Ships on East Indies Station, and £61,000 subsidy to Admiralty for manning and maintaining H.M ships for Naval defence of India.

APPENDIX "A. 1."

TABLE showing the Annual Cost of Maintenance, exclusive of first cost of building, of the British Squadrons in I.—Atlantic Ocean; II.—Eastern Seas and Pacific Ocean :—

I.—ATLANTIC OCEAN.

	£
North America and West Indian -	330,000
Cape of Good Hope - -	396,000
South-East Coast of America - -	76,000
Total -	802,000

II.—EASTERN SEAS AND PACIFIC.

	£
China - - -	1,430,000
East Indies - -	303,000
Australia - - -	312,000
Total Eastern Seas -	2,045,000
Pacific -	202,000
Total -	2,247,000

APPENDIX V. (1).

1900.

NEW ZEALAND.

Defences of the Colony.

APPENDIX V. (1).

1900.

NEW ZEALAND.

Defences of the Colony.

STATEMENT by the Right Hon. R. J. SEDDON, Premier and Minister of Defence, respecting HARBOUR DEFENCES, COLONIAL DEFENCE FORCES, IMPERIAL RESERVE, CADET CORPS, RIFLE CLUBS, and other Matters connected with the DEFENCES of the COLONY.

MR. SPEAKER,

HONOURABLE members will, I hope, agree with me that it is consistent with one's duty to the Empire and to the colony, and not out of place, to give attention at this juncture to the all-important subject of our defences, and, if possible, to evolve a means of perfecting, extending, and strengthening the same, both for internal and external purposes.

Lessons taught by sending contingents to South Africa.

The equipping and sending of our contingents, and the lessons taught by the war in South Africa, must not be ignored. We must not be blind to the altered conditions that have arisen during the last few months, and which at present may appear trifling but which in years to come may be a source of anxiety to the colony and the Empire.

Altered conditions.

There are also eventualities that may arise in connection with the adjustment of affairs in China; and, taking the outlook as a whole, it is prudent for us to compete our harbour defences, increase and fully equip our Volunteer corps, give a military training to our youths, encourage rifle-clubs, and, in addition, create a reserve force equal to any emergency.

Want of capital.

The chief drawback has been the finding of the capital required for the completion of our harbour defences, the equipment of the defence forces, the purchase of great and small arms and munitions of war. Important as these are, still, the opening-up and roading of our land, the construction of railways, and the development of our industries have been such a tax upon our resources that expenditure in regard to harbour defences, defence forces, rifle-clubs, and cadet corps has had, perforce, to be curtailed.

Ways and means.

Interest and sinking fund.

I therefore, with much reason, urge that it would be of advantage to the Mother Country and to the colonies if the moneys required for harbour defences and for arming the defence forces were raised by the Imperial authorities and advanced to the colony, which should pay interest thereon at the rate of 3 per cent. per annum. In the calculation of this interest the difference between the rate at which the colony could raise the moneys and the rate at which it is obtained by the Imperial authorities would form a sinking fund to pay off the principal within a reasonable time.

Reserve an advantage

The proposal that the Imperial authorities should find the capital is warranted by the fact that the imperfect defences of the colonies would be remedied. There would also be the direct advantages to the Imperial authorities and the Empire in having a reserve force established ready for any contingency that might arise, and in having the most modern guns and small arms in the colonies, to the use of which our forces would be trained, and be available whenever required.

Thousands of men available.

Maoris would enrol in reserve.

There are in New Zealand thousands of men capable of bearing arms, many of them trained, good riders, and good shots; yet we have in the colony rifles only for one-fourth of their number. Again, there is a large number of men of the Native race who are well capable of bearing arms. In the past we have had a taste of the fighting qualities of the Maoris, both of those against and those with us; in fact, had it not been for the "friendlies" the troubles would not have ended so speedily or successfully as they did. All now, I am happy to say, are desirous of upholding the *mana* of our gracious Sovereign, and were *pouri* (sorrowful) at not being allowed to go with our sons in the contingents to South Africa. The time has long since arrived when we may with confidence trust those of the Native race who enrol themselves in our Volunteer corps, and accept them to form part of the Imperial Reserve Force suggested in this memorandum.

More rifles wanted.

I consider that, in addition to the ·303 rifles now in the colony, to provide Volunteer corps in the South Island, the new corps enrolled and to be enrolled, the men in the Imperial reserve, and to have a reasonable stock in reserve, 30,000 magazine rifles are required. The cost of same, with freight, &c., added, would be about 120,000*l*.

In the past, many companies of Volunteers and rifle-clubs have offered their services, which have been refused on account of the capital requi ed for arms and equipment not being available. This also applies especially to the want of field batteries, and the completion and full equipment of harbour defences. Enrolment refused; want of capital to equip.

Classification.

The defence forces of the colony should be divided into the following classes, viz.:—(*a*) Permanent Artillery, for harbour defences; (*b*) ordinary Volunteer Forces; (*c*) Imperial and Colonial Reserve Forces; (*d*) rifle-clubs; and (*e*) cadet corps. Classification of the forces.

Volunteers.

When the present Commander of the Forces took office our Volunteers numbered about 4,200. The number of officers and men now enrolled totals 11,500. There are, in addition, some 90 corps offering their services, which, if accepted, would bring our total Volunteer Force up to over 18,000 officers and men. Most of the corps now offering their services are mounted. We take it for granted that, approximately, half would be mounted and the other half infantry. The present capitation grant for infantry is 2*l.* 10*s.*, and for mounted corps 3*l.* 10*s.* The total amount required for capitation would therefore be 54,000*l.* per annum. To this must be added, for accoutrements, water-bottles, haversacks, bandoliers, &c., 1*l.* per head per annum or 18,000*l.*, which would bring the total cost up to 72,000*l.* Volunteers past and present. Capitation required.

To have our Volunteers efficient, increased training in camp is essential, and an additional payment may be found advisable. I estimate this at 8,000*l.*, bringing the total required to 80,000*l.* We have now an up-to date field battery, and other batteries have been ordered. The cost of these if manned by Volunteers would be at least 1,000*l.* each, but if manned by permanent men and provided with horses 12,000*l.* would be required. Training in camp.

To make our Volunteers efficient in shooting, ranges are necessary, but with the increasing population of our centres these are difficult to get. In the past there has been a great oversight in this respect, and we find ourselves in the position at the present time of having no suitable range available for the Volunteers in the large centres of population. To make the necessary provision now would entail a cost of 20,000*l.*, and when this is done (and the sooner it is done the better) a law should be passed that no person acquiring properties adjacent to or in the vicinity of these ranges should have any claim against the colony. Rifle-ranges are as essential to our welfare as our railways are, and they should be protected and maintained for all time. Shooting-ranges required.

Imperial Reserve.

In respect to the formation of an Imperial reserve the following shall apply:—It should be open to all officers and men belonging to the ordinary Volunteer corps to become efficient in both services, and to enlist for, say, three years in the reserve forces. The officers and men so enlisting should receive a fixed annual sum on being certificated as efficient, and be required to go into camp at stated periods for, say, four weeks in each year, the drills and camping as a Volunteer to count as part of the said four weeks. When in camp they should receive a sum amounting to at least half that now given under the Militia regulations. The Imperial Government should provide the capital required to purchase field batteries, rifles, and equipments of the force, the colonies paying a sum equal to one-half the interest on the first cost. In respect to all the forces, when on service outside the colony the Imperial Government should provide the horses (when in the colony the men to provide their own horses), the payment of capitation and the payment of the forces when in camp in the colony, or on service outside the colony within prescribed limits, to be adjusted between the Imperial authorities and the colonial Governments on a population or other equitable basis. The reserve forces should be open for service within territorial limits, to be agreed upon between the Imperial and the colonial Governments. The pay of the officers and men when on service outside the colonies should not be less than that which is being paid to the Fifth Contingent at present serving in South Africa. Of whom to consist, and condition of service. How reserve formed. Capitation on being efficient. Imperial Government to find capital. Services of men reserved within territorial limits.

Estimating the strength of our Volunteer corps at 18,000 men, we may reasonably expect that 8,000 of their number will enrol in the Imperial reserve. This number, together with 2,000 men of the Maori race who would join the reserve, would bring the number up to 10,000 men. Putting the capitation on those efficient at 5*l.* per capita, the annual cost would be 50,000*l.*, to which must be added the pay during the Strength of reserve estimated at 10,000 men.

time the men are in camp—say about 50,000*l.* more. Therefore there would be in this colony 10,000 men available, at an annual cost of 100,000*l.* Taking it for granted that, in like proportion to population, the same number of men would enrol in the Australian Colonies and Tasmania and estimating the population of Australia and Tasmania at 3,500,000, the proportion would be 43,750 men. Added to the 10,000 in this colony, this would produce a reserve force of 53,750 men, or, in round numbers, an Imperial reserve of 50,000 men, at an annual cost of 1,000,000*l.*

Cost per annum.

Australian reserve, 50,000; cost one million per annum.

Major-General French indorses scheme.

The captious critic may look upon this scheme as chimerical, and I had some doubts myself when, on the 11th May last, in a memorandum to His Excellency the Governor, I first outlined the scheme; but since then Major-General French has expressed the conviction that a force could be formed on the lines indicated, and, seeing that the drilling and training in the camp of the Volunteers would count for that required by the reserve, there is little doubt that the number estimated by me would be reached.

Rifle-clubs.

Formation of rifle-clubs.

In respect of the formation of rifle-clubs, a club should consist of not less than 20 or more than 40 members; and in localities where volunteer corps have been formed only ex-Volunteers who have had not less than three years' service should be enrolled.

Qualification of members of rifle-clubs

In localities where there are no Volunteer corps, rifle-clubs may enrol members who have not had Volunteer service.

Parades and drills necessary.

Members of rifle-clubs should, where practicable, attend a prescribed number of drills and parades in the course of the year, the instruction being in respect to handling arms and firing exercise. The Government to supply rifles and ammunition to enrolled members of rifle-clubs at cost price.

Certificate of efficiency.

After one year's enrolment members of rifle-clubs shall be tested at target practice, and on being able to make the minimum number of marks at the prescribed ranges, and having attended the prescribed number of drills and parades, they shall be entitled to receive a certificate as being efficient.

Free ammunition for practice.

For the first year every enrolled member of a rifle-club shall receive a free grant of fifty rounds of ammunition, and thereafter to every efficient member of a rifle-club there shall be allowed a free grant of one hundred rounds of ammunition, to be used at matches or at practice.

Free railway passes.

Members of rifle-clubs also to have concession in the shape of free railway passes when attending rifle-shooting competitions.

Cadet Corps.

School cadets controlled by Education Board.

As has been stated by me in reply to questions, cadet corps should be established. They should be under the control of the Education Boards and the Education Department. A light rifle, similar to that used in the Colony of Victoria, should be provided for the use of, say, 20 of the elder boys in each school. The total number of boys who are in the Sixth Standard, or have passed it, is, say, 7,500, and the cost of giving one-fourth of them rifles would be 3,750*l.*

Rifles to be furnished.

Ordinary cadet corps.

In addition to the school cadet corps there are a number of youths in the colony who are not old enough to join the Volunteer corps, and the formation of these cadet corps and the enrolment of these youths would be of material advantage. The number likely to be enrolled is estimated at 5,000: the cost of rifles and equipments, estimated at 3*l.* each, would make a total of 15,000*l.*

From school cadet to Volunteer.

The necessity for the establishment and enrolment of these cadet corps any one who has given this subject any consideration must readily admit. You commence to train the boys in the school; after leaving school they enrol in the ordinary cadet corps; and then, when they come of age, they will enrol in Volunteer corps. You take them from the schools and keep them under military training until they attain the Volunteer age. At the present time the lads, from the time they leave school until the time they attain the age at which they could be enrolled in the Volunteer corps, have their ardour damped, as well as their liking for drill; and this has been the means of preventing them from enrolling in the Volunteer Forces of the colony. No such thing as conscription is at all necessary in this colony; and I am satisfied that, if the suggestion now made should be given effect to, we should have in the course of a few years fully 20,000 Volunteers equipped and complete.

Future maintenance of force of 20,000 efficient Volunteers.

Naval Reserves.

In respect to the naval branch of the Imperial and Colonial Reserve Forces, arrangements should be made for the drilling of our Naval Volunteers, on a certain number of days in each year, on the cruisers belonging to the Australasian Squadron, these cruisers to be at the several ports in the colonies at times fixed for the purpose. Naval drill on cruisers in port.

Conversion of Steamers.

There are many of the merchant steamers coming to the colony which could be converted into cruisers. At present the officers and engineers on those steamers cannot qualify for the Naval Reserve. If they were allowed to have short periods of service on the cruisers when both steamers and cruisers were in port, these officers and engineers would in time qualify for the Naval Reserve. Conversion of steamers into cruisers.

Equipment of Steamers.

There should be naval guns, equipment, and munitions of war for these colonial steamers convertible into cruisers, to be left at a depot within the colony, to be approved by the Imperial authorities; not necessarily at a port, yet safe from seizure, and within easy reach. Equipment for converted steamers.

Australasian Squadron.

Owing to the altered conditions it is necessary that the Australasian Squadron should be strengthened by raising the class of vessels and increasing the number of cruisers, the colonies to pay the increased cost, on the basis of the present agreement. Strengthening the Australasian Squadron

Several of the cruisers now in the Australasian waters, not being up to date, and not belonging to the squadron, should be withdrawn and replaced by a better and more useful class of cruisers. Withdrawal of obsolete cruisers.

Military Conference.

With the developments that have taken place in South Africa the difficulties met with by the Australasian Colonies in enrolling, equipping, and despatching contingents for service outside the colonies point to the fact that a conference of Imperial officers, Commanders of the Forces, and Defence Ministers would be of great service in working out a scheme such as is here proposed; and should Field Marshal Lord Roberts be able to accept the invitation to visit the colonies, he should be invited to preside at such conference. Failing this, the Imperial authorities should be asked to send one of the British generals who has taken part in the South African campaign to preside at such conference. Suggested military conference.

APPENDIX V. (2).

Major-General French's Defence Scheme. (Australia's Mounted Men.)

MAJOR-GENERAL FRENCH to the Right Hon. the PREMIER.

SIR, Sydney, 8th May 1900.

THE present war in South Africa has demonstrated the fact that the defence of the British Empire in the future is not a question to be left wholly to the people of the British Isles, but that the English-speaking people throughout the Empire are willing to take their share in its defence, and provide the men, and possibly the money, therefor.

Having had an experience of a dozen years in Canada and a similar amount in Australia, mostly with colonial forces, I would like to make two points clear: (1) It is idle to hope or expect that any large force of Imperial troops, paid at Imperial rates, could be raised in these colonies for ordinary garrison work or duties in peace time. (2) It is equally certain that thousands of men can be raised in war time, who will engage for the war at a fair rate of pay.

With regard to the first point, I may mention that the minimum rate of wages for labourers on Government contracts has been fixed at 7*s.* per diem in this colony, and it is pretty much the same in the other Australian colonies. This will give some idea of the futility of attempting to carry out this matter.

The second point is one of the greatest possible importance to my mind. Few who have not resided in these colonies during the past six months could realise the intense enthusiasm and desire amongst all classes to take part in the war; this colony has sent some 2,700 officers and men, and as many horses, and the difficulty was not in finding the men, but in having to send away the thousands who could not be taken on. The other Australian colonies had a similar experience. At the present moment some 300 infantry that have been kept in reserve here have offered their services at the Imperial rates of pay rather than not go at all!

The real way, in my opinion, to help Old England to keep the flag flying all over the Empire is to form war reserves in the colonies. In doing so the specialities of the colonies should be borne in mind. Thus Canada, with her 75,000 sailors and fishermen on the Atlantic seaboard, should provide a large war reserve for the fleet, and probably would do so if the Admiralty, instead of framing cast-iron regulations suitable for Great Britain, would appreciate the fact that the most suitable time to carry out the training of these fishermen would be the time of year when they could not carry on their usual avocations.

Australia, on the other hand, could do little as a war reserve for the navy, but much for the land forces of all arms, and especially the mounted services. I have little hesitation in saying that the finest material for the light cavalry of the Empire is to be found in these colonies, where the ordinary daily work of the bushman is a constant rehearsal of the work of the cavalry scout. We have sent some 3,500 mounted bushmen to South Africa. There was little time for training or for selection of officers or N.C. officers; but, nevertheless, I am certain that these men will give a good account of themselves. But how much better if they had been trained, and properly equipped!

Now, my scheme, as far as Australia is concerned, is as follows:—

(*a.*) A war reserve of, say, 10,000 men, largely mounted men.

(*b.*) This reserve to be formed mainly from efficient officers and men who have passed through the ranks of the defence forces, and who agree to serve within or without Australia in war time. The 6,000 men now in South Africa would give this reserve a good start.

(*c.*) Rates of pay on active service as for the permanent forces of Australia.

(*d.*) A retaining-fee, or reserve pay, of 8*l.* per annum for efficient privates of infantry, 12*l.* per annum for troopers of mounted corps who have horses and saddlery fit for service, other ranks in proportion.

(*e.*) The requirements for efficiency to involve an annual course of training and musketry.

(*f.*) The reserve pay and pay on active service to be paid by the Imperial Government.

The approximate comparative cost of 10,000 Australian reserves at 10*l.* per annum would be 100,000*l.*; whereas the cost of 10,000 regular British troops at an average of 100*l.* per annum would be 1,000,000*l.* As regards the pay on active service, the colonial Governments are now paying the difference between the Imperial and the colonial rates to their men in South Africa. They might well do so in the future in view of the substantial advantage of having 10,000 trained reserves kept up in Australia in peace time at no expense to them.

I may explain that my main reason for asking the publication of these suggestions is with the view of obtaining expressions of opinion from those interested in the defence of the Empire as a whole, and whose opinions carry weight. I had something to do from the military side in framing the Queensland Defence Act in 1884 when Commandant there. In 1894, when serving in India, I had the satisfaction of reading that at a meeting of the Australian commandants it was resolved that a Defence Act for all Australia should be prepared and based on the Queensland Act. I have now been asked to prepare such an Act, and it can readily be imagined what an immense advantage it would be if in the Federal Defence Act for all Australia, which must soon be brought forward, the necessary powers could be taken for the formation of a war reserve of the nature above indicated.

An experience of a quarter of a century in the colonies forces me to the conclusion that such a scheme, if feasible, would be mutually advantageous for the colonies and England, and beneficial to the grand Empire in which we live, and for which we ought to do our utmost.

Now is the time to act. If we wait till the cold fit comes on progress may be made impossible.

I am, &c.
G. A. FRENCH,
Major-General Commandant New South Wales Military Forces.

APPENDIX V. (3).

Military Forces of the Commonwealth.

MINUTE UPON THE DEFENCE OF AUSTRALIA, BY MAJOR-GENERAL HUTTON, COMMANDANT.

Headquarters, Melbourne,
7th April 1902.

Minute for the consideration of the Right Honourable the Minister of State for Defence.

SIR,

I have the honour to submit the following Minute upon the Defence of Australia, together with recommendations based thereon:—

I.—STRATEGICAL CONSIDERATIONS.

Importance of sea power.

It is, on the one hand, certain that the geographical position of Australia renders it less liable to aggression from any foreign Power than most parts of the Empire; but it is equally certain, on the other hand, that Australian interests outside Australia itself are peculiarly open to foreign interference, and to possible destruction by an enemy in time of war. No expedition, whether despatched from an enemy's base in the Eastern Seas or from Europe, could hope to reach its destination until the British Navy had been definitely worsted. It has been publicly stated that the maintenance of sea supremacy may be assumed as the determining factor in shaping the whole defensive policy of the Empire. (Duke of Devonshire, President of Council of National Defence, 3rd December, 1896.) As long, therefore, as Australia remains part of the British Empire so long will the inviolability of her shores and the security of her commerce depend in a large measure upon the power of Great Britain to maintain her supremacy at sea.

Possible form of attack.

Oversea aggression could only be attempted (1) by a raid of two or more cruisers with a small striking force for the purpose of landing; (2) by a large and well-equipped force conveyed in numerous transports and escorted by an enemy's fleet.

Attack by large force.

The latter attempt may, under existing conditions, be considered difficult in the extreme, more especially in view of the military spirit which animates the inhabitants of Australia. No commander would venture to land small bodies of troops on the shores of this continent, knowing well that it would mean but to court disaster and consequent loss of prestige to the nation attempting it. Any force destined for aggression would have to be of sufficient strength to conquer and hold either an important strategical position or a considerable portion of territory under the certain condition of jeopardising, if not losing completely, its communications by sea. To enable an enemy to undertake, with any hope of success, such operations on Australian territory a large expeditionary force of all arms, fully equipped, would be required. The small landing force available even from a strong fleet of cruisers would find such a task impossible.

Attack by a raid.

Efforts at oversea aggression upon Australian soil will in all probability, therefore, be reduced to raids by an enemy's cruisers based on his defended ports. Such raids might be undertaken to extort an indemnity under threat of bombardment, or to destroy commerce, or to obtain coal.

Security of Naval bases and of trade centres.

It must, however, be remembered that the present prosperity of Australia, and its future commercial development, will largely depend upon its immunity from attack, and the supremacy of the Navy must be insured at all costs as the primary element of success. Australia must be prepared not only to protect the Naval base of Sydney and to make secure the important strategical positions at King George's Sound and Thursday Island, so as to enable the Navy to have all that it needs for free action at sea, but the great trade centres also, such as Sydney, Melbourne, &c., must further be rendered secure. It is practically impossible to undertake the local defence of the

numerous bays, rivers, harbours, and estuaries which an enemy might avail himself of as a harbor of refuge or a rendezvous in time of war. This must be left to the general protection afforded by the Navy. It is, however, necessary to deny access to all cities, towns, and harbours of commercial importance, and to make it impossible for a hostile expedition to establish itself upon Australian soil. To this end careful arrangements must be made to concentrate on any threatened point as many available field troops as circumstances may render necessary. It is hoped that the contemplated extension of railway communication between South Australia and West Australia may be accomplished at an early date, as without such extension West Australia is always liable to isolation in time of war. The Commonwealth has undertaken not only to protect each State against invasion, but on the application of the Executive Government of the State, to protect it from domestic violence (*vide* Constitution Act, sec. 119). Complete security for life and capital must therefore be insured not only for the population now existing in Australia against foreign aggression and domestic violence, but that security must be further assured in the eyes of the commercial world beyond its shores. It follows as a matter of vital importance that the security of Australia should be placed beyond doubt, and that the security to capital in this county should be assured in the event of any warlike complications.

General security to life and property from foreign aggresion and from domestic violence.

The principles governing defence are not, however, limited to those of a purely passive kind. History has shown that the surest and best defence is by a vigorous offence. The successful defence of an island such as Great Britain has in the past been insured by means of warlike operations forced on the enemy, and fought out on other than English soil. During the last 150 years, five distinct threats of invasion has been made by England's enemies, and in no instance did England remain satisfied with preparations for passive defence only, but effected her object, and defeated her enemies, by a vigorous and successful offence. The same principle in a very large measure applies to the defence of Australia.

Vigorous offence is the main principle of defence.

The defence of Australia cannot, moreover, be considered apart from the defence of Australian interests. Australia depends for its commercial success and its future development firstly upon its seaborne trade*; and secondly upon the existence, maintenance, and extension of fixed and certain markets for its produce outside Australian waters. It therefore follows that Australian interests cannot be assured by the defence alone of Australian soil. Defence is the primary duty of every State and of every citizen, yet the defence of Australian interests outside Australian waters is at the present time solely in the hands of the Imperial Government and of the Imperial Army and Navy. It is hardly consistent with the present development of Australia as a young and vigorous nation to neglect her responsibility for defence outside Australian waters, and in the robust period of her youth thus to rely entirely upon the strong arm of the Mother Country (*vide* final paragraph of Sec. VI. and appendix).

Defence of Australian interests.

It must be remembered that the rapid and continuous improvements in steam and telegraph communications have now destroyed the former isolation of Australia, and modern developments in the East have brought the States of the Commonwealth upon the arena of the Old World strife. The last six years have witnessed a momentous change in the balance of power in the East. The rise of Japan into an armed Power of the first magnitude; the acquisition of Port Arthur by Russia; the occupation of the Philippines, and of Guam (Ladrone Islands) and Tutuila (Samoa) by the United States; and of the remaining Samoan Islands and part of New Guinea by Germany; and the annexation of Madagascar as a colony by France, are facts of the gravest significance to Australian interests. The transformation of the United States into an oversea Power by her acquisition of Porto Rico and the Philippines, the development of Japan, the evolution of China, the opening of a Panama Canal at an early date, and the movement of Russia towards a port in the Indian Ocean with her increasing interest in Persia, all point to the Indian Ocean, the Northern Pacific, and the China Sea as the probable scene of the future struggle for commercial supremacy. Australia cannot in such an eventuality remain unconcerned. It may be assumed, therefore, that Australia will determine not only to defend her own soil, but to take steps also to defend those vast interests beyond her shores upon the maintenance of which her present existence and her future prosperity must so largely depend.

Political developments in the E.s.

* The Exports and Imports from oversea countries alone for the year 1900 amounted to 47,816,438*l.* and 43,161,922*l.* respectively, being a total of 90,981,360*l.*

Factors determining Australian Defence.

Two factors, therefore, may be considered as governing the future organisation and administration of the Military Forces of the Commonwealth, namely:—

(*a*) The defence of Australian soil.

(*b*) The defence of Australian interests wherever they may be threatened.

Garrison Force and Field Force for defence of Australian soil.

(*a*) "*For the defence of Australian soil*" there are two essentials, namely, Garrison Troops, hereafter styled the Garrison Force, for the protection of certain predetermined strategical centres and places of commercial importance; and Field Troops, hereinafter styled the Field Force, for those active operations which are, as has been shown, an essential element, in conjunction with the Garrison Troops, for the defence of such an extended area as Australia. It is not necessary that the troops for garrison duty as a whole should be mobile, but it is absolutely essential that the Field Troops be not only well trained, carefully organised, and well equipped, but also ready for active operations in the field at the shortest notice.

Field Forces for defence of Australian interests.

(*b*) "*For the defence of Australian interests wherever they may be threatened*" it will be obvious that the first essential is the sea supremacy which is guaranteed by the Royal Navy, and that the second is the possession of a Field Force capable of undertaking military operations in whatever part of the world it may be desired by Australia to employ them. The Field Force above indicated in (*a*) could, if necessity arose, be made available for this purpose.

II.—Number of Troops Available and Required, and how Provided.

Troops now available in Australia.

It is now proposed to consider, in the first place, the minimum number of troops which will be required to fulfil the foregoing conditions, and in the second, how those troops are to be provided. As regards the first, it is only proposed in the present recommendation to deal with the troops which now exist in the six States under voluntary terms of service in accordance with the Estimates, 1901–2. The numbers should be taken as the very least which Australia requires for her protection, and may be considered as the peace footing of her future military force. As regards the second, the strong military feeling now prevailing renders compulsory service by conscription unnecessary. A voluntary military service is the pride of all Anglo-Saxon communities, and it is safe to accept the fact that whenever a national emergency occurs a sufficient number of citizens will always be found ready and willing to voluntarily undertake the duty of defence. The liability to serve should, however, always be maintained, so as to establish the principle of the privileged duty and sacred right of every free-born citizen to bear part in the defence of his country.

Voluntary military service.

The most essential element, therefore, in the organisation of the future is to provide a military system which shall be elastic, capable of expansion, and which shall form a carefully constructed framework into which the fighting material of the nation can be fitted when the emergency arises. This framework must consist (1) of a carefully considered and thoroughly complete military organisation; (2) of a well-trained, competent, and experienced staff of officers to lead and to administer; and (3) of modern and efficient equipment.

Troops available in each State.

The following Schedule I. gives the number of troops available in each State:—

Schedule I.

State.	Mounted Troops (Cavalry, Mounted Rifles, and Mounted Infantry).	Artillery.		Engineers.		Infantry.	Staff and Departmental Corps.*	Total.	Field Guns.	Remarks.
		Field.	Garrison.	Staff, Field, and Electric Companies.	Submarine Miners.					
New South Wales	1,806	240	925	254	119	5,733	655	9,732	12	3 4-gun batteries.
Victoria - -	1,137	269	1,156	75	189	3,459	217	6,452	18	3 6-gun batteries.
Queensland -	1,194	154	427	—	78	3,069	258	5,180	10	2 4-gun batteries and one section.
South Australia -	741	101	240	—	—	1,849	70	3,001	6	1 battery.
Western Australia	480	180	121	1	—	1,320	88	2,190	8	2 4-gun batteries.
Tasmania -	369	94	229	49	21	2,164	90	3,016	6	2 field, 2 mountain, and 2 siege guns.
Total - -	5,727	1,038	3,098	379	357	17,594	1,378	29,571	60	

* Does not nclude civilians permanently employed.

The following Schedule II. shows the proportion which each State should possess upon a population basis of the total number now available throughout the Commonwealth:— Proportion of Troops to States on population basis

SCHEDULE II.

State.	Total Population.	Male Population between Ages 18-60.		Military Establishments 31st March, 1901.		Number of Troops above or below the Proportion of Male Population.	
		Number.	Proportion to Total Male Population of Commonwealth.	Number.	Proportion to Total Military Establishments of Commonwealth.	Above.	Below.
New South Wales -	1,352,509	375,100	·349	9,732	·329	—	586
Victoria - -	1,200,851	323,200	·301	6,452	·218	—	2,438
Queensland - -	496,596	154,200	·143	5,180	·175	938	—
South Australia -	362,604	98,600	·092	3,001	·102	289	—
Western Australia -	183,178	76,000	·071	2,190	·074	99	—
Tasmania - - -	172,318	47,900	·044	3,016	·102	1,698	—
Total - -	3,768,056	1,075,000	1·00	29,571	1·00	3,024	3,024

Garrison Force.—The troops required for the protection of cities, towns, &c., should consist of troops raised in the localities which they will be called on to defend in war. The existing Volunteer Corps should be utilised for this purpose. Garrison Force.

The existing defence schemes of each State indicate the force which is required for purely defensive purposes, and are taken as a basis for the Garrison Troops given in Schedule III., Column I.

Field Force.—This force requires the highest possible degree of training, the most complete organisation, and the latest modern equipment. The troops should be furnished entirely by Militia or partially-paid troops. The number now available in each State are as given in Schedule III., Column II. Field Force.

SCHEDULE III.

State.	Column I. Garrison Troops. (Existing Peace Establishment.)						Column II. Field Force. (Existing Peace Establishment, with slight modifications.)						Column III.	Column IV. Field Force. (Proposed War Establishment.)					
	Mounted Troops.	Artillery.	Infantry.	Others.	Field Guns and Guns of Position.	Total.	Mounted Troops.	Artillery.	Infantry.	Others.	Guns.	Total.	Grand Total of Existing Military Establishments 31st March, 1901.	Mounted Troops.	Artillery.	Infantry.	Others.	Guns.	Total.
New South Wales	225	845	3,048	794	4	4,912	1,609	170	2,758	283	10	4,820	9,732	3,754	989	4,351	1,225	32	10,319
Victoria - -	161	1,313	1,456	263	10	3,193	1,002	183	1,989	85	12	3,259	6,452	3,333	879	3,863	1,088	29	9,163
Queensland - -	310	476	1,678	215	4	2,679	884	105	1,382	130	6	2,501	5,180	1,378	363	1,597	450	12	3,788
South Australia -	112	341	937	119	6	1,509	630	—	834	28	—	1,492	3,001	1,067	265	1,166	329	9	2,767
Western Australia	120	211	840	34	4	1,205	360	90	480	55	4	985	2,190	508	134	589	166	4	1,397
Tasmania - -	180	259	1,426	107	2	1,972	189	64	738	53	4	1,044	3,016	478	126	554	156	4	1,314
Total - -	1,108	3,445	9,385	1,532	30	15,470	4,674	612	8,181	634	36	14,101	29,571	10,458	2,756	12,120	3,414	90	28,748

1. A slight increase in the Peace Establishment of the Troops alloted to the Garrison Force in Column I will be required hereafter.

2. The proportion of the various arms in the Field Force upon the Peace Establishment now existing in each State, as given in Column II., will require some re-adjustment hereafter, in order to meet the proportion proposed in the War Establishments. It will be observed that the proportion of Mounted Troops to Infantry on the proposed War Establishment of the Field Force in Column IV. is much larger than in the existing Peace Establishment in Column II.

3. The figures given in Column IV., *exclusive of the totals*, are only approximate, as the exact allotment of each unit to the States has not yet been fixed.

4. It will be seen that the following Summary shows, upon a War Footing, 44,218 of all arms, with 120 Field Guns and Guns of Position, viz. :—

SUMMARY OF SCHEDULE III.

Arm.	Garrison Troops.	Field Force.	Total.
Mounted Troops	1,108	10,458	11,566
Artillery	3,445	2,756	6,201
Infantry	9,385	12,120	21,505
Others	1,532	3,414	4,946
Total	15,470	28,748	44,218

Number of troops available for and constitution of Field Force in Peace and in War.

In the first instance, without adding to the existing numbers of the Military Forces, there will be available as a Field Force upon a peace footing 4,674 Mounted Troops, 612 Field Artillery, with 36 guns, and 8,815 Infantry, &c., making a total of 14,101. This Force will be increased upon war footing as proposed to 10,458 Mounted Troops, 2,756 Artillery, and 15,534 Infantry and others, with 90 field guns and guns of position.

I recommend that the Field Force shall be organised into six brigades of Light Horse, and into three brigades of Infantry, each complete, with all the necessary Departmental Troops, and with the latest modern proportion of Field Artillery. The large proportion of Mounted Troops to Infantry will necessitate a partial reconstruction of Infantry into Mounted Troops. This change is not only consistent with the characteristics of the Australian people, but provides exactly that description of fighting man which has proved so valuable in South Africa, and which, without doubt, would constitute a most powerful, if not a controlling, factor in any campaign in which Australian troops might be engaged.

Necessity for organisation in times of peace.

Success in modern war, either for defensive or for offensive operations, can only be assured by deliberate, slow organisation in times of peace. History and modern events alike testify that armed men only, no matter how brave, and no matter how deeply endowed with military qualifications, are powerless to successfully, and for any length of time, oppose an army which has in times of peace been perfected by measured organisation, matured by scientific preparation for war, and supplied with the latest military equipment.

It will be dangerous in the extreme to rely upon organising when the emergency arises, such troops as may be required for the defensive-offensive operations referred to, and it will be more especially unwise for a country which for some time at least must depend to a great extent for its warlike stores upon a distant land to postpone the provision of the requisite *matériel* of war until the moment of action arrives.

III.—ORGANISATION, INSTRUCTION, TRAINING, AND EQUIPMENT.

Reconstruction necessary.

A. *Organisation.*—The organisation of the troops proposed for allotment to the Garrison Force requires little change. In order, however, to make the Field Force effective, very considerable organisation and partial reconstruction of some portion of the existing forces available will be necessary.

It is, moreover, obvious that all regiments of Light Horse, batteries of Field Artillery, and Infantry must be made similar in strength, and that the peace and war establishments for all branches of the force must be fixed. The creation or development of the departments which deal with transport and supply, with equipment, and with the care of sick and wounded, will have to be undertaken. These changes will entail comparatively small expense, and can be effected gradually. Every care should be taken to make the organisation capable of expansion, and to base it upon a territorial system.

Instruction of Officers and of Staff.

B. *Instruction of Officers and Staff.*—The first essential of a Citizen or Militia Army must be the training of the officers and staff. The better and more intelligent the

troops, the better trained and more experienced must be those who lead. A satisfactory standard of knowledge and proficiency can only in peace be effected by instituting Schools of Instruction for Militia and Volunteer Officers of all branches of the service, and by despatching selected officers to England and to India to attend special courses. Sufficient pay must be allowed as compensation to officers who thus devote their time to their own instruction for the benefit of the State, and a bonus upon passing periodical test examinations should be granted. A system of special instruction for Staff Officers should be instituted, of which a prominent factor will be "Staff Rides upon Field Service Conditions." The expense of the foregoing need be small in comparison with its importance.

School of Instruction.

Sydney and Melbourne should form the centres respectively of the system of Schools of Instruction; the former for the States of New South Wales and Queensland, and the latter for Victoria, Tasmania, South Australia, and Western Australia. Every facility exists at Sydney for the Schools of Instruction, which already exist in a limited form, together with the instructional troops required. A similar system should be created at Melbourne. Schools should also be formed as a part of this system in other centres, and at suitable times, so as to meet the local conditions.

Military College.

I trust that the establishment of a Military College may at no distant date receive the favourable consideration of the Government. An adaptation of the system of organisation and of instruction carried out at West Point, in the United States of America, at the Royal Military College of Canada (Kingston, Ontario), and at the great public schools of England, would meet the requirements of such a college in Australia. A college thus created would be likely to give the most valuable results, not only in furnishing a high standard of education in the technical professions of civil life, but in inculcating those principles of military science which were found to produce men possessing such eminent military qualities in the great War of Secession in America, and more recently in the case of the Military College of Canada during the campaign in South Africa. I would recommend that, as part of such a college, there should be a special branch which would undertake the training of Australian officers in Staff duties. The personnel of the college, and the instructional arrangements of the same, would be available for this further and more advanced course of military instruction, which is so essential for placing the professional knowledge of the officers of the General Staff in Australia on the requisite high level of military efficiency.

Training of the troops.

C. *Training.*—Secondary only to the instruction of officers is the training of the men. This to be effective must rather be constant each year than long in duration. Sixteen days per annum for Light Horse, Infantry, and Departments, and twenty days for Artillery and Engineers, should be sufficient if properly and efficiently administered. This training should be carried out in two categories—one for the troops raised in the country districts, which should mainly be for a given period in camps of instruction, at whatever time of year may be most convenient to the industries followed by the men, and one for the troops raised in the cities and towns, whose employments do not admit of long absence, which should be, as at present, spread over the year by afternoon and evening training, with a short camp of instruction for three or four days at Easter, or during public holidays.

Equipment required.

D. *Equipment.*—The existing equipment of the troops to be allotted to the Garrison Force may be deemed sufficient for the purposes of such troops. The equipment, however, which is available for the Field Force leaves much to be desired. There is in all the States a complete absence of any modern Infantry equipment, and only a small percentage of magazine rifles are available. The equipment of the Mounted Troops is equally incomplete, and only a small and quite inadequate supply of military saddles is available. The harness, equipment, and guns for Field Artillery are quite unequal to modern demands. A very small and quite inadequate quantity of Field Engineer or Field Hospital Equipment is available. Camp equipment and blankets are also inadequate. The supply of ammunition is in a very seriously defective condition.

It will be obvious, therefore, that a very considerable outlay in equipment is imperative. Troops without efficient and sufficient arms, ammunition, and equipment are useless for the purpose for which they exist, and are therefore a mischievous delusion. The condition of the forces of the six States is very diverse. In some instances arms and equipment are either obsolete or worn out, while in others deficiencies are comparatively small.

IV.—Permanent Force.

Permanent force for instructional and specialist services.

Any increase of the Royal Australian Artillery and of the Engineers is not at present necessary. The whole force of permanent troops should be maintained for purposes of instructing the Militia or partially-paid troops and Volunteers, as well as for supplying the skilled personnel required in connection with the guns, forts, and submarine mine defences. I have recommended a reconstruction of the former into three 4-gun field batteries, and into eleven companies of Garrison Artillery. The Field Artillery will supply the personnel for the Schools of Instruction of Field Artillery and of Light Horse; and the Garrison Artillery for the Schools of Instruction of the Garrison Artillery and Infantry. The Engineers will supply the personnel for the Schools of Instruction of the Field Engineers, Field Telegraph, and the Submarine Miners.

Selection of officers.

The officers of the permanent troops should be selected with the utmost care. They must be well educated and capable men, as they will be required in the future to supply Australia with her General Staff and Instructional Staff officers. Every opportunity should be taken of giving the officers of the General Staff and of the Permanent Corps opportunities of study in England and elsewhere, and of gaining experience whenever active operations are being undertaken.

The greatest pains should similarly be taken, by means of adequate pay and generous treatment, to induce steady, capable, and well educated men (preferably those who have served with credit in South Africa or China) to enter the ranks of the Permanent Force.

The future efficiency of the Commonwealth Military Forces must in a very large measure be in direct ratio to the quality and the efficiency of its General Staff Officers, and of the Officers and the Non-Commissioned Officers of the Permanent Forces and Staff. The administration and the instruction of a Citizen Army in time of peace must mainly devolve upon the permanent officers and non-commissioned officers, and in time of war a large and responsible share of duty will necessarily fall to their lot. No effort should be spared therefore to make military service in the Permanent Force attractive. It should be made clear that a certain and hopeful future is before all ranks of the permanent officers and men of the military forces of the Commonwealth. A prospect should be held out, by opportunities of advancement and of a fair pecuniary remuneration upon disability for age or failure of health, which should not only satisfy the very proper ambitions of those now serving, but should attract into the service the best educated and most intelligent candidates for vacancies.

V.—Rifle Clubs.

Rifle Clubs: their value.

The love of rifle shooting and the existing interest in rifle practice has been materially fostered by the institution of rifle clubs throughout Australia. The organisation of rifle clubs might be developed hereafter with great and increasing advantage, as soon as the future military organisation has been determined and carried out, and when the exact position which rifle clubs are to hold as an integral part of the Defences has been clearly defined. There is, however, a tendency to look on rifle shooting and rifle practice as a pastime rather than as an obligation seriously undertaken as an important element towards the national defence. The encouragement given to rifle clubs, and the financial advantages conferred by Government, should only be continued on the understanding that rifle shooting as practised in Australia is seriously undertaken, and is developed upon the latest modern lines, and further, that the members of the rifle clubs are prepared to undertake in some definite form a direct share in the defence of the country. The rifle clubs at present constituted in some of the States are organised on sound lines, and their members form a reserve to existing military units. In at least one instance, however, rifle clubs form an organisation apart, which, without officers, without military instruction, and without a system of military organisation, can at best provide only a certain number of partially armed men with an uncertain knowledge of the use of the rifle. The military value of such men as an integral part of the Defence Forces of Australia can be but small under the existing conditions, and this system requires modification.

Our general system of organisation for the rifle clubs and rifle associations throughout the Commonwealth is necessary. The system of providing a Reserve from members of rifle clubs by affiliation to the various military units, which has proved to successfully answer the purpose in some of the States, should be taken as a basis on which to create such an organisation. The Reserve men thus provided will be available to complete the peace establishments alluded to above to the requisite strength of war.

VI.—Cadets.

A Cadet Military System exists in most of the States, and in one State has reached a very satisfactory standard of efficiency. I attach great value to the military training thus taught and military discipline thus impressed upon the rising generation, and I recommend that the system which has proved so successful in Victoria, under the Military Department, should be similarly developed throughout the Commonwealth.

VII.—Manufacturing Departments.

Manufacturing Departments.

It will be necessary by degrees to create those Manufacturing Departments which are required to form the Arsenal for the future maintenance of the Defence Forces of the Commonwealth. This arsenal should include:—

(1.) Storage Accommodation for Reserve Stores.
(2.) Grand Magazine.
(3.) Small Arms Ammunition Factory (including Steel Shell Foundry) and Cordite Factory.
(4.) Small Arms Factory.
(5.) Gun Foundry.

A site for the erection of the above will be required where communication by rail and by sea is easily accessible. It is obvious that a supply of coal and iron must be readily available, and that the site chosen could be satisfactorily and readily protected from any possible attack. It is, moreover, necessary that the Arsenal should be so situated as to meet the demands of the Royal Navy in the present, and of the Australian Navy in the future. It should accordingly form part of the Naval base of Australia. An eligible site could be found in the vicinity of Sydney, which would fulfil all the above conditions.

Formation of Commonwealth Arsenal.

Although the above Arsenal will require time to create, a beginning might be at once made by the selection of an eligible site, and by the removal of the Artillery workshops now in Victoria Barracks, Sydney. Accommodation for the large amount of stores and equipment required for the Field Force above alluded to should, moreover, be built as soon as may be.

VIII.—Expenditure.

Expenditure.

The total sum available under the Estimates of 1901-2 should be in the first instance sufficient for the present requirements, exclusive of the supply of equipment, &c., Section III.

The supply of equipment, arms, &c., which is of a pressing nature, might be defrayed from a loan. An approximate calculation of the immediate requirements has been made, by which the sum of, approximately, 500,000*l.* will be sufficient to render the garrison force complete and the field force capable of carrying out its functions.

A table (Appendix "A") will be found at the conclusion of this paper which will be of interest. It shows the amount paid for defence per head of population in Great Britain, her self-governing colonies, and by foreign nations. It will be seen that the self-governing colonies contribute a small proportion only to Naval and Military defence in comparison with the amount paid by Great Britain and other foreign countries: thus, Canada pays one shilling and sixpence per head of population, Australia four shillings and sixpence, New Zealand seven shillings, and Great Britain twenty-three shillings and twopence.

I have, &c.,
EDWARD T. H. HUTTON, Major-General,
Commanding Military Forces of the Commonwealth of Australia.

Melbourne, 7th April, 1902.

APPENDIX A.

TABLE showing COMPARATIVE COST of MILITARY and NAVAL DEFENCE in GREAT BRITAIN, her SELF-GOVERNING COLONIES, and FOREIGN NATIONS.

	Country.	Population.	Military. Establishments. Peace.	Military. Establishments. War.	Military. Percentage of Troops to Population.*	Military. Budget.	Military. Cost per Head of Population.	Naval. Budget.	Naval. Cost per Head of Population.	Defence Expenditure. Total.	Defence Expenditure. Per Head of Population.	Percentage of Total Public Expenditure devoted to Military Defence.	Percentage of Total Taxation devoted to Defence.	Remarks.
						£	s.	£	s.	£	s.			
Compulsory Military Service.	Austria-Hungary	45,310,835 (31.12.00)	375,291 ('99)	1,238,816 ('99)	·828	16,301,320 ('01)	7·19	1,411,771 ('01)	0·62	17,713,091	7·81	—	18·3	
	Belgium	6,744,532 (31.12.99)	48,294 ('99)	138,084 ('99)	·716	2,113,512 ('99)	6·27	—	—	2,113,512	6·27	11·3	24·8	
	France	38,641,333 ('01)	616,475 ('00)	3,091,350 ('98)	1·595	27,744,581 ('01)	14·36	13,171,468 ('01)	6·82	40,916,049	21·18	19·5	22·3	
	Germany	56,345,014 (1.12.00)	595,536 ('99–'00)	3,218,684(*a*) ('99–'00)	1·057	33,349.072 ('00)	11·84	8,114,900 ('00)	2·88	41,463,972	14·72	32·4†	—	(*a*) Excluding Landsturm, about 3,000,000.
	Holland	5,103,924 (31.12.99)	31,949 (1.7.99)	86,277 (1.7.99)	·626	1,882,062 ('00)	7·37	1,329,930 ('00)	5·21	3,211,992	12·58	14·6	20·3	
	Italy	32,045,404 (31.12.00)	226,603	2,294,629(*b*)	·707	10,965,880 ('00–'01)	6·84	4,895,386 ('00–'01)	3·06	15,861,266	9·90	15·6	20·8	(*b*) To this may be added the untrained portion of the Territorial Militia, about 1,250,000 men.
	Japan	43,760,815 (31.12.98)	157,829(*c*) ('99)	603,116 ('99)	·361	3,822,743 ('00–'01)	1·75	1,794,401 ('00–'01)	0·82	5,617,144	2·57	14·6	24·0	(*c*) Active Army.
	Russia	129,000,000 ('00)	1,092,444	2,841,962	·847	34,615,121 ('01)	5·37	10,032,018 ('01)	1·56	44,647,139	6·93	20·1	39·7	
	Switzerland	3,312,551 (1.12.00)	234,925(*d*) (1.1.99)	234,925(*b*) (1.1.99)	7·092	1,124,836 ('00)	6·79	—	—	1,124,836	6·79	26·6	56·3	(*d*) Does not include Landsturm - Armed, 50,440; Unarmed, 225,156
Voluntary Military Service.	United States	76,356,102 ('00)	201,536 (*e*)	—	·264	20,954,080(*f*) ('00)	5·49	11,489,338 ('00)	3·01	32,443,418	8·50	28·2	26·4	(*e*) 65,000 Regulars, 35,000 Volunteers for the Philippines, 101,536 Militia. (*f*) Expenditure in 1901, 31,318,170*l*.
	Great Britain	40,555,489 ('99)	662,818 ('99–'00)	783,541(*g*) ('00–'01)	1·634	20,617,200 ('99–'00)	10·17	26,594,500 ('99–'00)	13·11	47,211,700	23·28	15·0 ('98–'99)	—	(*g*) Includes Army Reserve, Colonial and Indian Troops.
	Canada	5,312,500 ('99)	37,636 (30.6.99)	—	·708	433,735 ('99)	1·63	—	—	433,735	1·63	3·8	6·1	
	Australia	3,768,056 (1.3.01)	29,571 ('01–'02)	—	·785	681,485 ('01)	3·6	178,065	0·95	859,550	4·55	2·6‡	6·8	
	New Zealand	796,359 (31.12.99)	10,040	—	1·261	234,344(*f*)	5·88	—	—	—	—	3·2	6·2	(*f*) Includes constabulary.

* These numbers were obtained by dividing the Peace Establishment by the Population.

† Empire.

‡ State expenditure included.

APPENDIX VI.

Memorandum by the Canadian Ministers concerning Defence.

The Canadian Ministers regret that they have been unable to assent to the suggestions made by Lord Selborne respecting the Navy and by Mr. St. John Brodrick respecting the Army. The Ministers desire to point out that their objections arise, not so much from the expense involved, as from a belief that the acceptance of the proposals would entail an important departure from the principle of Colonial self-government. Canada values highly the measure of local independence which has been granted it from time to time by the Imperial Authorities, and which has been so productive of beneficial results, both as respects the material progress of the country and the strengthening of the ties that bind it to the Mother-land. But while, for these reasons, the Canadian Ministers are obliged to withhold their assent to the propositions of the Admiralty and the War Office, they fully appreciate the duty of the Dominion, as it advances in population and wealth, to make more liberal outlay for those necessary preparations of self-defence which every country has to assume and bear.

That the taxpayers of the United Kingdom should desire to be relieved of some of the burdens which they bear in connection with military expenditure is quite reasonable. Canada in the development of its own militia system will be found ready to respond to that desire by taking upon itself some of the services in the Dominion which have hitherto been borne by the Imperial Government. What has already been done by Canada must give assurance of the disposition of the Canadian people to recognize their proper obligations.

In the early years of the Dominion an understanding was come to between the Imperial and Canadian Governments that Canada should expend about 1,000,000 dols. annually on her militia system. From time to time that expenditure has been voluntarily increased, and at present, apart from the special outlay in connection with the maintenance of the garrison at Halifax, the Dominion is expending about 2,000,000 dols. annually on her militia.

The efficiency of the Canadian Militia Service having been called in question, it may be of interest to note that many improvements have been made during the past few years; notably the organization of an Army Medical Corps and the creation of an Army Service Corps, the strengthening of the headquarters and district staffs, the exercise of greater care in the selection of permanent force officers, and the affording of greater facilities for the training of the officers of the active militia.

A Militia Pension Law has been enacted for the staff and the permanent force. Annual drill in camps of instruction for the rural corps, and at battalion headquarters for city corps, has been carried out each year during the past six years. A school of musketry has been established at Ottawa, with most encouraging results; rifle-ranges have been and are being constructed at the public expense at important centres all over the Dominion, and financial aid is being afforded to local corps in smaller places for the same object. Rifle Associations, whose members are pledged to military service, if required, are being organized, and their formation encouraged by the loan of rifles and by grants of free ammunition. A reserve of officers has been established, and improvements have also been made in several other important respects.

The work done by the Militia Department in sending contingents to South Africa may be fairly cited as proof of reasonable efficiency. Without referring to anything which was done outside of the purely Canadian contingents, it is worthy of mention that the first contingent, under Colonel Otter, composed of 1,000 men drawn from every section of Canada embraced within 4,000 miles of territory lying between the Atlantic and Pacific Oceans, was organized, fully equipped, and embarked within a period of 14 days; and that a second contingent, composed of 1,200 men, composed of Field Artillery and Mounted Rifles, was shortly afterwards similarly organized, equipped, and embarked within the space of three weeks.

But while thus calling attention to the progress that has already been made by Canada in her militia organization, the Ministers are far from claiming that perfection has been attained. If defects exist, there is every desire on the part of the Canadian Government to remove them, and for this purpose the advice and assistance of experienced Imperial officers will be welcomed and all reasonable efforts made to secure an efficient system.

At present Canadian expenditures for defence services are confined to the military side. The Canadian Government are prepared to consider the naval side of defence as well. On the sea-coasts of Canada there is a large number of men admirably qualified to form a Naval Reserve, and it is hoped that at an early day a system may be devised which will lead to the training of these men and to the making of their services available for defence in time of need.

In conclusion, the Ministers repeat that, while the Canadian Government are obliged to dissent from the measures proposed, they fully appreciate the obligation of the Dominion to make expenditures for the purposes of defence in proportion to the increasing population and wealth of the country. They are willing that these expenditures shall be so directed as to relieve the taxpayer of the mother country from some of the burdens which he now bears; and they have the strongest desire to carry out their defence schemes in cooperation with the Imperial authorities, and under the advice of experienced Imperial officers, so far as this is consistent with the principle of local self-government, which has proved so great a factor in the promotion of Imperial unity.

London, 11th August 1902.

APPENDIX VII.

Supplies of Meat, Produce, and Horses, required by the War Office and Admiralty, from Australia.

LIST OF PAPERS.

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No. 1.

GOVERNOR-GENERAL LORD HOPETOUN to MR. CHAMBERLAIN.
(Received January 27, 1902.)

Commonwealth of Australia,
Melbourne, 19th December, 1901.

SIR,

ADVERTING to your despatch, of the 18th of October last, I have now the honour to transmit to you the accompanying copy of a Minute which I have received from my responsible advisers, on the subject of the supplies of meat, produce, and horses, required by the War Office and the Admiralty, from Australia.

I have, &c.,
HOPETOUN,
Governor-General.

Enclosure in No. 1.

Commonwealth of Australia,
Department of External Affairs.

MINUTE FOR HIS EXCELLENCY THE GOVERNOR-GENERAL.

Mr. Barton presents his humble duty to Your Excellency, and has the honour to acknowledge the receipt of the despatch from the Right Honourable the Secretary of State for the Colonies, dated 18th October 1901, on the subject of the supplies of preserved meat obtained by the Admiralty and War Office, which was transmitted by Your Excellency on the 20th November last.

2. In connection with this despatch, Mr. Barton would be glad if Your Excellency would refer to your despatch (to which it is an answer) requesting that, in case of contracts to be entered into by the Admiralty and the War Office, timely notice should be given to enable tenders to be called in Australia and New Zealand.

3. Mr. Barton observes, with satisfaction, the letter from the War Office in which the Secretary of State for the Colonies is advised that every possible consideration will be given to the wishes of the Governor-General of Australia. It is not, however, stated what steps had been taken, and what changes in the existing methods had been made or were in contemplation, in order to carry out that intention.

4. Mr. Barton regrets to say that there exists throughout the Commonwealth a feeling that our merchants have not received adequate consideration from the authorities in connection with the letting of contracts for supplies required for use in connection with the war in South Africa.

5. Mr. Barton has the honour to enclose, for the information of Your Excellency, a copy of a letter which he has received from a number of firms in Sydney who represent exporting interests. He has received several verbal representations to the same effect as those contained in the letter, and strongly-worded articles have appeared in the public press from time to time, drawing attention to what is referred to as the indifference shown by the War Office to the interests of Australian producers.

6. Mr. Barton would be glad if the Secretary of State for the Colonies were asked to request the War Office to supply him with information as to the extent of the purchases of supplies from Australian firms. He would also be obliged if the goods purchased from firms in Australia can be clearly distinguished from those of goods alleged to be Australian, but purchased from firms in South Africa and elsewhere, as it has been publicly stated that goods have been supplied to the War Office authorities in South Africa which were represented as Australian, but which, as a fact, were not the produce of this country.

7. It is further represented to Mr. Barton that if tenders for supplies as required could be called in Australia, that system would lead to a great saving in the amounts to be paid by the War Office. The large profits said to have been made by business trading firms in South Africa, in connection with the supply of Australian meat, have been freely commented upon in mercantile circles and in the public press. It is represented that huge profits have been made—profits far in excess of any legitimate reward of the capital, labour, and ente prise invested in the industry. It is stated that if business had been carried on direct between Australian producers and the War Office much more economical terms could have been arranged, and large sums of money thus saved by the Imperial authorities.

8. Mr. Barton has reason to believe that a communication has been addressed to Lord Kitchener, drawing attention to the fact that the prices paid by the American Army authorities in the Philippine Islands for supplies of Australian meat are very much below those which have been paid by the Imperial authorities in South Africa for supplies of similar commodities, and this although the circumstances of the respective situations have been largely similar.

9. In a letter recently received from a responsible firm in this community it is stated that an offer could be made to supply, monthly, 2,000 tons of frozen beef, mutton, lamb, &c., ex store ship at Durban or Capetown, at a price of $6\frac{1}{2}d.$ per pound all round. It has been announced that the firm in South Africa who have supplied large quantities of frozen meat for the use of the Army there have been receiving $9\frac{1}{2}d.$ per pound for mutton, so it is clear that the price quoted would represent a substantial reduction and consequent saving to the War Office.

10. Mr. Barton would, therefore, strongly urge that the foregoing statements be taken into consideration by the Imperial authorities, and ventures to express a hope that the result of such consideration may be a wider distribution of contracts and a more direct and economical method of business trading.

11. Mr. Barton desires to invite attention also to the question of supply of horses for use in the South African war. Paragraphs frequently appear in the public press notifying that large shipments of horses have been made from America, Russia, and other countries to South Africa. These paragraphs excite comment and cause enquiries to be made as to why the number drawn from this country is, comparatively, so small. Mr. Barton has received a communication on this subject from a responsible firm which states that an offer was made through the Premier of Queensland some time ago to supply 600 horses per month for six months, and so far the offer has not been acknowleged, and is resultless. It is represented that the reason for this is not one connected with the price, as the price of the horses has not even been discussed between the syndicate responsible for the offer and the War Office. Mr. Barton is informed that the difficulty in the way is with respect to the form of contract proposed.

The tenderers desire that the contract should be c.i.f. but the War Office authorities insist that all business connected with the shipment of Australian horses to South Africa must be done f.o.b.

12. Mr. Barton will be glad if it can be represented to the War Office that, in the opinion of Ministers, the c.i.f. form of contract would produce more satisfactory results, both to Australian merchants and to the War Office. The multiplication of contracts entailed by the f.o.b. system cannot be conducive to economy, and, further, the employment of the c.i.f. method would lead to the business being carried out by shipowners employed in the regular trade between Australia and South Africa, and whose vessels have been built and fitted expressly for such trade.

13. Ministers are desirous of encouraging by every means in their power the increase in the number of regular traders between Great Britain, South Africa, and Australia. It will be of great advantage if encouragement can be afforded to such companies, in preference to having business done by occasional tramp steamers belonging to firms which have no settled interests in the Australian trade.

14. In connection with this question of the respective merits of the two forms of contract, Mr. Barton suggests that a reference be made to Colonel Hunt, who has been for some time in the Commonwealth employed on duties in connection with the Remount Department of the Army in South Africa. That gentleman has been long enough in Australia to become fully acquainted with her conditions of trade, and he is consequently able to speak with authority as to the respective advantages for the Imperial authorities of the two methods of contract under review.

15. Mr. Barton is pleased to observe from the much fuller information afforded by the Admiralty that considerable portions of supplies required for the Navy are being purchased in Australian markets. He notes, however, that invitations to tender for preserved canned meat for the Navy generally are apparently issued only to Australian firms who have accredited agents in Great Britain. If that practice could be altered, so as to arrange that when invitation to tender for supplies were issued in England similar invitations might at the same time be publicly announced in the press of the leading cities of the Commonwealth, Mr. Barton thinks that the obtaining of suitable supplies would be greatly facilitated.

16. Mr. Barton trusts that the experience of the Admiralty in connection with the supplies of Australian and New Zealand salt pork, and salt beef, delivered in Sydney for the use of His Majesty's ships on the Australian, East Indian and China station is sufficiently satisfactory to induce them to widen the area which Australian merchants can supply. He believes that if such a course is followed, much general good feeling will be created in Australia, and complete satisfaction afforded to the Admiralty and to the consumers of the goods in question.

Mr. Barton will be pleased if early consideration could be given to the subjects dealt with in this minute.

Melbourne.
16th December 1901.

EDMUND BARTON.

Sydney,
28th November 1901.

SIR,

WE, the undersigned, producers and exporters of New South Wales, beg to draw your attention to the fact that we do not consider the War Office are drawing a fair quantity of the supplies required for the use of the Army in South Africa, from Australia. We think it will be very instructive if you can secure the figures of the War Office and Admiralty purchases from Australian firms in connection with frozen meat, beef, jams, butter, oats, flour, bran, and horses.

We would respectfully request that you cable Mr. Chamberlain, notifying him of the considerable dissatisfaction existing in the Colonies on this account and suggesting that you be given particulars of all requirements, the same to be notified here, tenders obtained, the price to be given by telegraph direct to the War Office. This is the only way the business can be conducted on its merits, and by direct dealings with the Australian houses, and the difference between the figures obtained by the latter from South African houses, as compared with the prices paid by the Imperial Government, will at once become apparent.

The advantage to the War Office in dealing direct, as far as frozen meat is concerned, with the producers here has been already pointed out, and the same remarks would apply

in the case of other lines if notification were made here and time allowed for submitting offers.

Yours faithfully,

Meat Preservers.	For the ROSEWATER PACKING Co., LTD., J. ROBERTS, Director.
Flour Merchants.	BRUNTON AND COMPANY.
Food Merchants.	For and behalf of PARSONS, BROTHERS, & Co., PROP., LTD., E. F. PARSONS, Director.
Grain Merchants.	JOHN BRIDGE AND COMPANY.
Flour Merchants.	GILLESPIE BROTHERS AND CO.
Produce Merchants.	H. PRESCOTT AND COMPANY.
Meat and Produce Exporters.	BIRT AND COMPANY, LTD., E. C. BECKETT, Secretary.

The Right Honourable Edmund Barton, P.C., &c.,
Melbourne.

No. 2.

COLONIAL OFFICE to WAR OFFICE and ADMIRALTY.

SIR, Downing Street, January 31st, 1902.

WITH reference to your letter of the 13th January, I am directed by Mr. Secretary Chamberlain to transmit to you, for the consideration of {Mr. Secretary Brodrick / the Lords Commissioners of the Admiralty} copy of a despatch from the Governor-General of Australia, enclosing a copy of a Minute from his Ministers on the subject of the supplies of meat, produce, and horses required by the Army and Navy.

2. It will be observed that Mr. Barton desires that early consideration should be given to the questions dealt with in his Minute.

3. A similar letter has been addressed to the {Admiralty. / War Office.}

I am, &c.,
FRED. GRAHAM.

No. 3.

ADMIRALTY to COLONIAL OFFICE.

Admiralty, S.W.,
SIR, May 13th, 1902.

WITH reference to your letter of 31st January last, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Secretary of State for the Colonies, that they have given their careful consideration to the despatch from the Governor-General of Australia, with accompanying Minute from his Ministers, on the subject of the supplies of meat, produce, &c., required for the Navy and Army.

My Lords desire me in the first place to reiterate the statement already made that they are fully alive to the advisability of developing, so far as possible, business relations with Colonial producers, and they have encouraged, and will continue to encourage, such relations by placing orders with Colonial firms whenever it is possible to do so consistently with due regard to quality and economy.

As regards the several points raised in Mr. Barton's Minute, it will be most convenient to deal with them paragraph by paragraph, premising that it is with the supply of Australian meat that the Admiralty is chiefly concerned.

Paragraphs 2, 7, *and* 15.—In respect of the suggestion that timely notice should be given of forthcoming contracts so as to enable tenders to be called in Australia, I am

to observe that tender forms for canned meats are issued to the English agents of Australian packers, and it is understood that most, if not all, the leading Australian packers are represented in this country. These packers are kept acquainted by their agents with the Admiralty specification, and a price is arranged between the agent and the principal by telegraph, if necessary, and the tender form lodged by the English agent. The Admiralty only purchases meat of approved brands which have previously been tried and found satisfactory, and the meat is supplied under a two years' guarantee that all tins condemned during that period are replaced free of charge. To advertise in Australia, as proposed, would entail delay and possibly result in offers being made of brands either unsuitable for Admiralty requirements or of a quality unknown to the Department.

As a matter of fact, however, my Lords did cause notice of the preserved meat contract to be given by letter of 13th January last, in which they requested that intimation of the anticipated requirements of preserved meats for Navy use might be communicated to the principal Colonial Governments, so that packers who were not already on the Admiralty List, and were desirous and capable of quoting, might make application, submit samples of their brands, and name agents in this country.

Paragraphs 3 *to* 12 relate chiefly to the War Department, but 7 has previously been touched on, and I am to observe with regard to paragraph 6 that this Department has already furnished to the Colonial Office a list of the Australian firms* accepted for meat contracts during three years past, together with a comparative statement of the quantities of preserved meats purchased from Australia and America during the same period†.

As regards the statement alluded to by Mr. Barton that goods purporting to be of Australian origin, which were not in fact produced in that country, had been supplied to the War Office authorities in South Africa, it may be observed that the departmental rule of dealing direct with manufacturers and producers, or when they live out of the United Kingdom with their sole agents, renders it very improbable that any goods bought by the Admiralty as Australian are not really the produce of that country.

Paragraph 13.—Of the eight steamers engaged for the conveyance of horses from Australia and New Zealand to the Cape since the Admiralty undertook the work in March 1901, six have belonged to regular Australasian lines, and the other two are vessels specially built for the work, which have already carried horses for the Government with marked success, and were tendered at much lower rates.

Paragraph 14 relates to the War Department.

Paragraph 15 has already been discussed, but my Lords would add that they will be very pleased to learn from the Commonwealth Government of the names of any first-rate packers of tinned meats in Australasia who are desirous of being included in the Admiralty List.

Paragraph 16.—Apart from the quantities of Australian preserved meat purchased in this country, large quantities of preserved meat, as well as of salt pork and salt beef, are obtained locally at Sydney for the Australian, China, Cape, and East Indian stations.

My Lords will be glad, if it should hereafter be found possible, as suggested by Mr. Barton, to widen the area of supply of Australian salt beef and pork. The quantities of salt beef and pork stocked at the Royal Victoria Victualling Yard at Deptford are at present chiefly obtained, the beef from the United States and the pork from Ireland and Denmark.

If Australian cask meat can be put on the home market of a suitable quality after its journey through the tropics, and at reasonable prices, the Admiralty will be glad to give it a trial. At present, however, my Lords are advised that Australian salt meat in casks has not been satisfactorily placed on the home market.

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* *See* No. 4.

† The quantities are as follows:—

	lbs.
Australian tinned meats	2,241,750
American „ „	400,000

the American meats including a considerable quantity, especially purchased without competition, at the outset of the South African War, immediate delivery having been of importance at the time.

In conclusion, I am to request that an assurance may be conveyed to the Commonwealth Government that their Lordships will at all times be pleased to be furnished with particulars of any Australian or New Zealand manufacturers or producers who may be able and willing to quote for the supply of stores used in the Royal Navy, and that any applications from such firms will receive their Lordships' most favourable consideration.

I am, &c.,
EVAN MACGREGOR.

No. 4.

LIST of AUSTRALIAN FIRMS accepted for NAVY MEAT CONTRACTS during the Three Years 1898–1900.

—	1898.	1899.	1900.
Preserved beef - -	Australian Meat Company Ellis Bedford.	Australian Meat Company.	Australian Meat Company.
Preserved mutton -	Sydney Meat Preserving Company.	Sydney Meat Preserving Company.	Sydney Meat Preserving Company.
Corned beef - -	R. and W. Davidson -	Warrington Laing.	——
Salt beef at Sydney - -	- - -	Queensland Meat Export Company.	Queensland Meat Export Company.
Salt pork at Sydney -	Clarencetown Curing Company.	Clarencetown Curing Company.	Clarencetown Curing Company.

No. 5.

WAR OFFICE to COLONIAL OFFICE.
(Received May 27, 1902.)

SIR, War Office, London, S.W., May , 1902.

I AM directed by the Secretary of State for War to acknowledge the receipt of your letter of the 31st January last, enclosing copies of a despatch from the Governor-General of Australia, and of a Minute from his Ministers, on the subject of the supplies of meat, produce, and horses required by the Army and Navy.

The subject is of importance, and has received full and prolonged consideration; nor need Mr. Brodrick add that it has been approached with every desire to give effect to the legitimate wishes of the Australian Ministers. But at the same time, the Ministers will understand that, with the great expenditure which the Home Government has to meet, especially at the present moment, economy, in so far as it can be combined with efficiency, must be his first consideration. In final resort the British taxpayer's claims must be paramount.

Looking at the matter from this double point of view, *i.e.*, the desire to foster trade with the Colony, and the necessity for safeguarding the interests of the mother country, I am to make the following observations on the Minute enclosed in your letter. For purposes of explanation it may be desirable to take the paragraphs of the Minute seriatim :—

Paragraphs 1 *and* 2.—The first paragraph needs no comment. With regard to the second, in which Mr. Barton emphasises a request that, when contracts are to be entered into, "timely notice" may "be given to enable tenders to be called in Australia and "New Zealand," Mr. Brodrick does not know whether any particular contract is alluded to. In the case of the recent large South African contract for meat, timely notice was given, and similar notice will also be given when frozen meat is required at other important stations, such as Malta and Gibraltar, whenever fresh tenders are invited. As regards canned meats the Colonial firms have agents in Great Britain and tender through them, nor after the fullest consideration does the Secretary of State see his way to making other arrangements.

Paragraph 3.—An advantage has recently been given to the Colonies by authorising the issue of frozen mutton twice a week, instead of once, to troops at home stations.

Paragraphs 4, 5, *and* 6.—Mr. Brodrick greatly regrets that there should be any feeling in the Commonwealth that Australian merchants have not received adequate consideration in connection with contracts for supplies in South Africa. He cannot but think that any such feeling is founded on a misconception as to the amount of the supplies actually obtained from Australian sources. With regard to this, Mr. Brodrick can, if it be so desired, give a list of the total orders given by the War Office to the Colonies; but in view of the exigencies of active service it would be quite impossible to call upon the supply officers in South Africa, whose energies are taxed to the utmost, to furnish lists of local purchases, distinguishing Australian from other goods. It is very doubtful whether the data on which lists of the kind would be based, and without which no reliable result could be attained, have in all cases been recorded.

Paragraphs 7 *and* 10.—Mr. Brodrick regrets that he cannot accept the contention that if tenders were invited in Australia great savings would result. Experience has rather shown that where it is announced that the Imperial Government intends to purchase in the Colony, the traders harden their prices. With regard to the contract for the supply of meat to the troops in the early part of the war, it has to be borne in mind that the Australian firms did not, so far as can be ascertained, possess the organisation or other facilities indispensable for dealing efficiently, and at short notice, with the quantities required to be delivered to troops disseminated over vast districts in a hostile country. Immediate action, and action on a very large scale, was imperative.

Paragraphs 8 *and* 10.—Mr. Brodrick has no knowledge of the communication believed to have been addressed to Lord Kitchener as to the relative cost of supplies to the Army of the United States in the Philippine Islands, and to the Army in South Africa. It may, however, be remarked that the conditions both of supply and distribution differ widely, and no fair comparison can be made.

Paragraphs 9 *and* 10.—Mr. Brodrick would always be glad to consider any proposals of the kind. But it is to be observed that the offer at the price quoted—6½*d.* per lb. of frozen meat, ex storeship—would not be advantageous. Under the contract now expiring 7*d.* per lb. was paid for frozen meat distributed throughout South Africa, and under the new contract, the price per lb., again so distributed, will be under 5½*d.*

Paragraph 11.—It is greatly regretted that there should be any feeling that the offer of horses was not fully considered. Such was not the case; the matter was considered, but the responsible officer did not recommend the purchase of the horses here in question. Apart from this, upwards of 22,500 horses have been obtained from Australia to the end of January last.

Paragraphs 12, 13, *and* 14.—The c.i.f. shipments, *i.e.*, shipments at a cost covering the cost of horses, insurance, and freight, were not abandoned without trial. Shipments on these conditions were recommended at one time by Colonel Hunt, but the complaints from South Africa were so numerous that they had to be abandoned in favour of the f.o.b., *i.e.*, free on board shipments. The suggestion in paragraph 13 as to the employment of "regular traders" rather than "occasional tramp steamers" will be referred to the Transport Department of the Admiralty, which manages such matters for the War Office.

Paragraphs 15 *and* 16.—These mainly affect the Admiralty. It may be noted, however, that very considerable portions of the supplies required by the Army in South Africa have been obtained from Australia.

In conclusion, I am to repeat that Mr. Secretary Brodrick has every desire to encourage Australian produce so far as he can do so legitimately, and with due regard to the interests of the British taxpayer, and that he will always be ready to give full, and indeed sympathetic, consideration to any suggestion that may be made with a view to increasing the volume of Army supplies to be obtained from Australian sources.

He will be glad, whenever an occasion arises, of consulting the Ministers as to the best way of carrying these wishes into effect.

I am, &c.,
E. W. D. WARD.

No. 6.

COLONIAL OFFICE to WAR OFFICE.

SIR, Downing Street, June 11, 1902.

I AM directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter*, on the subject of obtaining supplies for the Army from Australia.

2. Mr. Chamberlain will not fail to communicate a copy of your letter to the Governor-General of Australia, for the information of his Ministers, but, before doing so, he would be much obliged if he could be furnished with the approximate total of the amount of meat, grain, and horses obtained from Australia and New Zealand and Canada during the war. If Mr. Brodrick considers that such a return cannot be supplied, Mr. Chamberlain would be glad to receive a list of the orders given by the War Office to the Australian Colonies and Canada during the last two years.

I am, &c.
H. BERTRAM COX.

No. 7.

WAR OFFICE to COLONIAL OFFICE.

(Received June 20, 1902.)

War Office, London, S.W.,
SIR, June 20, 1902.

IN further reference to your letter of the 11th instant,† I am directed by the Secretary of State for War to forward, for the information of Mr. Secretary Chamberlain, the following approximate totals of the amounts of meat, grain, and horses obtained from Australia, New Zealand, and Canada during the war, viz.:—

Supply.	Australia.	New Zealand.	Canada.
Preserved meat - - - -	28,000,000 lbs.		1,700,000 lbs.
Hay - - - - -	196,800 tons.		205,000 tons.
Oats - - - - -	404,000 tons.		17,000 tons.
Horses - - - - -	21,458	1,422	13,612

I am, &c.
G. FLEETWOOD WILSON.

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* No. 5.

† No. 6.

APPENDIX VIII.

Effect of the Canadian Preferential Tariff on Trade between the United Kingdom and Canada.

(1.) From April 23rd, 1897, a reduction of one-eighth of the Customs Duty was granted by Canada to goods (with certain exceptions, including alcoholic liquors, liquid medicines containing alcohol, and tobacco) produced by and imported direct from countries whose Customs treatment of Canadian produce was on the whole as favourable as that accorded by the Canadian Customs tariff to the produce of those countries. From July 1st, 1898, the preference was increased to one-fourth.

(2.) From August 1st, 1898, the preference was confined to goods produced in and imported direct from the United Kingdom and British Colonies and Possessions. At present the Colonies and Possessions sharing the preference are India, Straits Settlements, Ceylon, New South Wales, Bermuda, British Guiana, West Indies.

(3.) From July 1st, 1900, the preferential reduction of duties was increased from one-quarter to one-third.

(4.) In order to show the principal facts relating to the growth of Canadian trade since the introduction of the preferential tariff both with countries and in articles to which preference is, and is not, accorded, respectively, the following statements are appended:—

(i.) A statement showing for each financial year from 1896–97 to 1900–91 the imports into Canada from the United Kingdom, British Colonies and Possessions and Foreign Countries, classified under the three categories of—

(*a*) Goods dutiable under the general tariff.

(*b*) Goods dutiable under the reduced "preferential" tariff.

(*c*) Free goods.

So far as the first year, 1896–97, is concerned, the division between (*a*) and (*b*) is an approximate estimate only, the goods placed under heading (*a*) being those of a class to which the preferential tariff, when enacted, did not apply, together with an estimated allowance for the dutiable goods imported from the United Kingdom which were not the produce of the United Kingdom, and hence not entitled to preference.

(ii.) A statement showing for each of the sixteen years 1885–86 to 1900–01 the value of the import and export trade between Canada and each of the principal countries.

(iii.) A detailed statement showing for each of the five years 1896–97 to 1900–01 the value of the principal articles imported into Canada from the United Kingdom, United States, and each of the other principal countries.

(iv.) A summary statement showing for the same five years the value of exports from Canada of the principal *classes* of goods to the United Kingdom, the United States, and other countries respectively.

(v.) A statement showing the rates of duty leviable under the Canadian general and preferential tariffs, respectively, on the principal articles imported into Canada from the United Kingdom at the present time.

It should be added that the imports shown in these tables and dealt with in this Memorandum are in all cases imports for home consumption.

(5.) Before discussing the facts shown in these statements it should be observed generally that the period which has elapsed since the first application of the preferential tariff has not been long enough to enable any certain inferences to be drawn as to its effect in encouraging or diverting trade, especially as the period has been an abnormal one, marked by great general revival of trade throughout the world, accompanied by large oscillations of prices of some of the principal articles which figure in the Canadian import and export tables—notably coal, iron and steel, and corn. There has also been a rapid growth of gold production in the North West of Canada (practically the whole of which, so far as it is exported, goes to the United States).

Disturbing influences such as these very greatly impair the validity of direct comparisons between the growth of the value of the trade of Canada with different

countries in the period under review, and it is important that due allowance should be made for them in drawing inferences from the figures.

(6.) It is to be noted in the first place that a comparison, either between total values or rates of growth of the Canadian imports subject to the lower and higher tariffs respectively, or of the imports derived from the United Kingdom and foreign countries, fails to disclose any marked effect of the preferential tariff in stimulating trade between the British Empire and Canada.

(7.) Thus the total annual imports into Canada have grown roughly by fourteen and a half millions in the five years 1896–97 to 1900–01. Of this total growth six and a quarter millions are accounted for by goods still subject to the general tariff (*i.e.*, goods from countries not entitled to preferential treatment, or of a class excluded from the benefit of that tariff), and six and a quarter millions by free goods; while goods admitted under the preferential tariff* have grown by two millions sterling.

(8.) Nor are the conclusions altered if we consider the *rate* rather than the total of increase.

Thus imports of all kinds have increased by over 62 per cent. in value, "general tariff" goods by about 62 per cent., free goods 67 per cent., and "preferential tariff goods" under 55 per cent.

(9.) If in place of comparing these three classes of imports we compare the growth of imports from the British Empire with that of imports from foreign countries, we find that the former have increased by three millions and the latter by eleven millions, the rates of growth being 48 per cent. and 69 per cent. respectively.

The imports from the United Kingdom only have increased about two and three-quarter millions sterling (or 46 per cent.), while those from British possessions have risen by 323,000*l.* or 70 per cent.; the total volume of trade, however, in the latter case being comparatively small.

(10.) Finally, if we dissect the increase in imports from the United Kingdom, we find that about 700,000*l.* is accounted for by the increase of imports still subject to the general tariff; 436,000*l.* represents the increase of free goods; while the increase of imports of goods affected by the preferential tariff is rather more than one and a half millions. (Of the increase of goods subject to the general tariff a small proportion is accounted for by British spirits, tobacco, and drugs, but the great bulk by indirect imports of goods other than United Kingdom produce.)

(11.) We may look at the figures in another way, *i.e.*, by comparing the percentages of the total import trade of Canada which came from the United Kingdom before and after the introduction of the preferential tariff, respectively. The result is to show that the continuous decrease which has been taking place in recent years in the proportion of imports from the United Kingdom into Canada has not been arrested by the operation of the tariff. The percentage proportion in the year 1900–1 (during which the preference of one-third was in force) was 23½. In the three preceding years, 1897–8 to 1899–1900 (during which there was a preference of one-eighth to 30th June 1898, then one-fourth), the percentage was 24½. The decline in previous successive triennial periods is shown in the following table:—

	Years ending June 30th.	Percentage of Canadian Imports from the United Kingdom.
Before Preferential Tariff.	1886–8	40½
	1889–91	38
	1892–4	35
	1895–7	28½
	1898–1900	24½
	1901	23½

(12.) The above figures show that any reasoning founded on an examination of the total values of goods of all classes, whether raw or manufactured, heavy or light, imported into Canada, is likely to lead to the conclusion that the preferential tariff has had little or no effect in encouraging British trade. But here it is necessary to bear in mind the qualifications referred to at the beginning of the Memorandum, such as the disturbing influence exercised on the figures by recent fluctuations of prices in raw

* *i.e.* (for 1896-97), goods to which the British preferential tariff subsequently applied.

and semi-manufactured goods, *e.g.*, coal and iron, which come chiefly from the United States, and have greatly risen in value in the last two or three years of the series.

(13.) We should not expect to find any material effect exerted by the preferential tariff in the case of heavy and bulky goods in which freight bears a high proportion to total value, and it is precisely in these classes of goods in which the main increase of Canadian imports has recently taken place. It is also in these classes of goods, *e.g.*, coal, grain, raw cotton, timber, iron and steel, and heavy manufactures thereof, such as bridges, girders, rails, engines, &c., that the United States, by geographical contiguity, as well as by wealth of natural resources, is to a large extent beyond reach of any competition from the United Kingdom in the Canadian market, even if aided by a much greater preference than that now accorded.*

(14.) The following figures show to what a great extent the recent expansion of Canadian import trade is accounted for by goods of this kind, and also the large share of these imports which are derived from the United States.

Articles.	Imports for Home Consumption (Dutiable and Free Goods).					
	From all sources.			From United States.		
	1896–7.	1900–1.	Increase.	1896–7.	1900–1.	Increase.
	£'000	£'000	£'000	£'000	£'000	£'000
Iron and steel and manufactures thereof.	10,749	27,180	16,431	7,687	23,111	15,424
Other metals and manufactures thereof.	4,025	6,921	2,896	2,369	4,046	1,677
Coal and coke	9,277	13,836	4,559	9,139	13,695	4,556
Grain and breadstuffs	1,896	8,070	6,174	1,637	7,433	5,796
Meat, dairy produce, and fruit	2,975	6,219	3,244	2,044	4,691	2,647
Wood and manufactures thereof	3,000	4,937	1,937	2,845	4,710	1,865
Raw cotton	3,118	4,774	1,656	3,098	4,732	1,634
Total of above classes of articles. £'000	35,040	71,937	36,897	28,819	62,418	33,599
Total of above classes of articles. £'000	7,200	14,782	7,582	5,922	12,826	6,904

From this table it will be seen that the above groups of articles account for nearly eight millions of the 14½ millions by which the total Canadian imports have increased between 1896–97 and 1900–01, and for seven millions out of the ten millions by which the imports from the United States have increased.

(15.) It must also be remembered in considering the figures that Canadian policy remains protectionist in spite of the preference to British goods, and that the Canadian tariff as a rule discourages the importation of manufactured goods more than that of raw materials. Although, therefore, British goods enjoy a preference compared with the *same* goods imported from other countries, the average *ad valorem* rate of duty on British imports *taken as a whole* is still higher than the average duty levied on all imports, and much higher than the average duty levied on imports from the United States.

The following figures for 1900–01 bring out this fact.

	Value of Imports.	Customs Duty Collected.	Ad valorem Equivalent.
	£	£	Per Cent.
Imports from United Kingdom	8,839,000	1,612,000	18
„ United States	22,702,000	2,735,000	12
All Imports	37,241,000	5,981,000	16

* For example, the preference in the case of bituminous coal would only amount to about 10*d.* per ton, and in the case of pig iron to less than 4*s.* per ton, both small amounts compared with cost of freight.

Of course, if dutiable articles only be considered, the above figures are materially altered, the *ad valorem* equivalents being for imports from United Kingdom 25, for those from United States 25, and for all imports of dutiable articles 27½. Over half the imports from United States into Canada are free of duty.

(16.) In these circumstances we should not expect to find that the *total* imports from this country, consisting as they do largely of manufactured articles subject to high protective duties (albeit these duties are less by one-third than the duties on similar articles imported from foreign countries) would expand so fast as the *total* imports from foreign countries, and especially from the United States, which consist to a much greater extent of free, or lightly taxed, raw materials and semi-manufactured articles. If, then, we would determine how far the preferential tariff has benefited British trade, we should turn from comparisons of *total* trade and examine the statistics of imports into Canada of particular groups of manufactured articles, selecting those whose value is fairly high compared with their weight, and in which the preference accorded by the tariff to British goods amounts to a substantial advantage. Such articles are textile fabrics and yarns, which formed last year over two-thirds of the total British exports to Canada subject to the preferential tariff, viz., over three and a half millions out of 5,323,000*l.*

(17.) The following table shows for the years ending June 30th, 1893, 1897, and 1901, the value of imports of the principal textile manufactures and yarns subject to duty from the United Kingdom and from all countries respectively. It will be remembered that the year ending June 1897 was the last year before the preferential tariff, and indeed included two months during which the reduction of one-eighth under the first "reciprocal" tariff was in force:—

Textile Manufactures.	Imports for Home Consumption—Dutiable Goods only.									
	From United Kingdom.					From all Sources.				
	1892–3. $000.	1896–7. $000.	1900–1. $000.	Increase 1900–1 compared with 1896–7.		1892–3. $000.	1896–7. $000.	1900–1. $000.	Increase 1900–1 compared with 1896–7.	
				Amount.	Per Cent.				Amount.	Per Cent.
Cotton - - -	3,481	2,693	4,880	2,187	81	4,569	4,051	6,928	2,877	71
Wool - -	9,646	5,577	8,061	2,484	45	10,947	7,126	9,944	2,818	40
Silk - - -	2,239*	1,396*	2,107*	711	51	2,764	1,988	3,726	1,738	87
Flax, hemp, and jute -	1,531	1,159	1,747	588	51	1,619	1,264	1,913	649	51
Carpets, curtains, and oilcloth.	545	389	863	474	122	727	587	1,147	560	95
Total - - {$000	17,442	11,214	17,658	6,444	57	20,626	15,016	23,658	8,642	58
{£000	3,584	2,304	3,628	1,324	—	4,238	3,085	4,861	1,776	—

* Including a considerable proportion of silk goods of foreign manufacture imported from the United Kingdom.

(18.) An examination of this table shows that the value of imports of textiles into Canada greatly diminished in the period immediately preceding the adoption of the preferential tariff, the decrease being partly due to the fall of prices in those years of depressed trade, and partly to a diminution in the volume of trade.

The proportionate diminution between 1892–93 and 1896–97 was 27 per cent. Since that year, with the revival of trade and the increase of prices, the value of the total imports of textiles has risen no less than 57½ per cent.

(19.) In the case of British textiles the drop between 1892–93 and 1896–97 was sharper, amounting to no less than 36 per cent. The recovery since 1896–7 has been at about the same rate as that stated above for the imports from all sources, *i.e.*, 57 per cent.

(20.) If, then, we considered merely the growth of imports of textiles and yarns since 1896–97, there would not be much to indicate that the preferential tariff had stimulated British trade. If, however, the greater rate of decline of British trade during the

previous years be taken into account it may fairly be argued that the operation of the tariff has done something to check the relative decline of imports from the United Kingdom.

Thus these textile and yarn imports which formed 84½ per cent. of the imports from all sources in 1892–3 had fallen to 74½ per cent. in 1896–97. In 1900–1 the proportion was 75 per cent. Thus under the preferential tariff the proportion remained constant after a previous decline.

(21.) It may be added that in all the chief branches of textiles Great Britain is very far ahead of any other country as regards imports into Canada, and the only branch in which this lead has been diminished in recent years is silk goods, in which there has been considerable competition from France, Japan, and to a smaller extent from Germany. Thus in 1892–93 our share of this trade was about 81 per cent. By 1896–97 it had fallen to 70 per cent., and by 1900–01 to less than 57 per cent., and as previously stated a considerable part of our exports of silk goods is of foreign manufacture. As regards cotton and woollen goods our supremacy is not challenged.

(22.) Although as stated above we send a large proportion of the textile goods which Canada imports, and though there is some reason to suppose that the preferential tariff has done something to check any tendency in this proportion to decrease, it must be repeated that the Canadian tariff is still highly protectionist as regards these classes of goods. The result is seen in the small and diminishing consumption per head of British textiles by the Canadian population.

Thus in 1891 the value of cotton and woollen manufactures imported for home comsumption into Canada from the United Kingdom was about 10*s.* 4*d.* *per head* of population. In 1901 it had fallen to 10*s.* It is not quite easy to compare these figures exactly with the corresponding ones for other British Colonies owing to slight differences of classification. It may, however, be stated broadly that in Victoria, New Zealand, and New South Wales, the consumption in recent year of British cotton and woollen manufactures per head of the population has been from three to five times as great as in Canada, although the Australian tariffs have not hitherto contained any preferential clauses.

It may be noted that this difference applies in at least equal degree to the consumption by these colonies of British imports in general. Thus, while at present Canada takes about 1*l.* 7*s.* worth per head of goods from the United Kingdom, Victoria takes 5*l.* 8*s.* worth, New South Wales 7*l.* 3*s.* worth, and New Zealand 8*l.* 4*s.* worth.

(23.) It is not proposed in this Memorandum to consider in detail the relative growth of British and foreign exports to Canada of other groups of articles, the period being too short and the figures in many cases too small to make such comparisons of much value. The figures, however, are fully set out in the appended tables, which also give information as to the recent course of Canadian export trade.

TABLE I.

DOMINION OF CANADA.

Total Value of Merchandise (including Bullion and Specie) Imported for Home Consumption from the United Kingdom, British Possessions, and Foreign Countries during each of the Years ended 30th June 1897 to 1901, distinguishing Dutiable Goods entered under the General, and under the Reciprocal and Preferential Tariffs.

COUNTRIES.	Dutiable Goods.		Free Goods.	Total Value of Imports for Home Consumption.
	General Tariff.	Reciprocal and British Preferential Tariffs (*a*).		
	1896–7.			
	£	£	£	£
United Kingdom	500,000*	3,654,265*	1,889,335	6,043,600
British Possessions	230,392		233,944	464,336
Foreign Countries	9,222,350		7,138,348	16,360,698
TOTAL	13,607,007		9,261,627	22,868,634
	1897–8.			
United Kingdom	596,915	4,037,978	2,043,378	6,678,271
British Possessions	134,481	17,335	264,370	416,186
Foreign Countries	9,474,938	1,072,275	9,214,085	19,761,298
TOTAL	10,206,334	5,127,588	11,521,833	26,855,755
	1898–9.			
United Kingdom	959,060	4,696,044	1,959,989	7,615,093
British Possessions	55,551	201,441	325,289	582,281
Foreign Countries	11,896,840	567,743	10,992,480	23,457,063
TOTAL	12,911,451	5,465,228	13,277,758	31,654,437
	1899–1900.			
United Kingdom	1,123,490	5,361,802	2,718,077	9,203,369
British Possessions	58,908	205,826	476,281	741,015
Foreign Countries	14,691,096	——	12,516,092	27,207,188
TOTAL	15,873,494	5,567,628	15,710,450	37,151,572
	1900–1.			
United Kingdom	1,190,945	5,323,093	2,325,310	8,839,348
British Possessions	30,449	328,195	429,316	787,960
Foreign Countries	14,901,925	——	12,711,449	27,613,374
TOTAL	16,123,319	5,651,288	15,466,075	37,240,682

NOTE.—Conversions of dollars into £ sterling have been made at the rate of 4*s.* $1\frac{2}{3}$*d.* per dollar.

(*a*.) Under the provisions of the reciprocal tariff, which was in operation from April 23rd, 1897, to July 31st, 1898, goods the product or manufacture of the United Kingdom and certain British Colonies and Foreign Countries, when imported direct, were entitled to a reduction of duty. This tariff was superseded by the British Preferential Tariff on August 1st, 1898, which confined the benefits to goods the produce or manufacture of the United Kingdom and certain British Possessions.

* For the year 1896–7 the division of United Kingdom imports into "general tariff," and "reciprocal and preferential tariff" goods is an approximate estimate of the imports which would have been subject to these tariffs enacted.

TABLE II. (*a*).

DOMINION OF CANADA—IMPORTS FOR CONSUMPTION. (*Years ended 30th June.*) DOMINION OF CANADA—IMPORTS FOR CONSUMPTION.

TOTAL VALUE OF IMPORTS for CONSUMPTION (including BULLION and SPECIE) into the DOMINION OF CANADA, distinguishing PRINCIPAL COUNTRIES.

COUNTRIES.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	COUNTRIES.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
United Kingdom	8,342,712	9,238,815	8,075,080	8,695,354	8,915,803	8,639,903	8,496,254	8,866,112	7,955,603	6,396,932	6,776,659	6,043,600	6,678,271	7,615,094	9,203,369	8,839,349	United Kingdom.
British Possessions: Australasia	2,834	23,279	9,071	47,150	42,202	34,739	54,407	44,757	29,449	23,269	43,877	30,194	30,633	81,077	115,250	87,630	British Possessions: Australasia.
Africa	51,238	53,516	27,512	22,501	11,869	16,046	14,297	39,026	3,456	19,694	15,415	5,604	27,437	20,324	18,063	18,634	Africa.
Newfoundland	78,970	72,810	86,630	100,307	96,501	154,316	154,777	134,234	167,376	152,024	113,304	92,892	95,409	108,289	135,756	128,541	Newfoundland.
West Indies	296,528	147,771	168,163	220,652	250,164	255,654	233,010	249,009	252,213	255,695	211,555	227,303	137,799	194,979	164,486	246,343	West Indies.
British Guiana	20,548	30,410	37,452	37,427	43,587	28,896	84,226	69,382	100,181	33,324	37,272	21,489	11,024	7,058	13,903	15,901	British Guiana.
East Indies	24,063	22,354	27,144	28,917	37,593	10,488	79,676	34,212	23,597	65,555	73,462	85,643	112,467	167,540	269,129	281,684	East Indies.
Other British Possessions	15,976	29,685	6,483	20	11,262	318	2,968	—	—	488	1,316	1,211	1,412	3,013	24,428	9,226	Other British Possessions.
TOTAL, BRITISH EMPIRE	8,832,869	9,618,640	8,437,535	9,152,328	9,408,981	9,140,360	9,119,615	9,436,732	8,531,875	6,946,981	7,272,860	6,507,936	7,094,457	8,197,374	9,944,384	9,627,308	TOTAL, BRITISH EMPIRE.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Germany	442,916	664,818	691,349	758,747	776,505	781,662	1,147,301	786,116	1,200,317	985,101	1,218,793	1,334,254	1,147,400	1,519,203	1,722,637	1,442,754	Germany.
Holland	62,049	60,629	68,176	84,879	86,767	80,094	57,182	76,820	70,830	50,116	61,613	77,283	76,859	102,820	119,092	163,862	Holland.
Belgium	104,981	144,627	100,427	109,056	148,219	134,681	106,239	123,187	113,062	90,743	189,197	259,102	252,762	476,450	662,449	786,668	Belgium.
France	405,867	426,055	461,257	457,949	537,452	475,098	493,692	581,942	521,294	531,200	577,591	534,524	816,853	799,170	897,637	1,109,182	France.
Portugal	11,605	11,947	15,324	14,812	17,267	14,494	10,913	10,784	9,679	11,741	9,575	9,368	9,723	13,006	14,956	19,788	Portugal.
Spain	77,972	84,096	77,041	83,685	66,268	100,439	81,406	70,583	79,992	82,701	74,338	79,424	100,436	109,825	115,213	152,577	Spain.
Italy	21,924	24,635	37,135	25,916	33,593	49,686	70,183	35,047	82,694	78,410	47,449	46,209	86,560	81,287	29,707	67,266	Italy.
Switzerland	41,730	45,159	39,830	34,292	65,039	50,203	39,527	53,109	56,471	53,301	68,244	45,652	71,852	116,870	108,735	123,834	Switzerland.
China	194,438	245,817	187,444	158,390	172,936	178,558	220,079	191,019	228,771	197,436	211,183	218,331	180,538	154,396	129,396	170,736	China.
Japan	305,408	319,331	249,961	245,282	258,584	257,739	399,824	307,386	290,049	322,101	337,739	274,082	295,758	414,680	359,880	332,693	Japan.
United States	9,217,405	9,268,575	9,962,024	10,384,405	10,744,926	11,031,299	10,918,679	11,963,420	10,897,418	11,226,271	12,035,778	12,667,611	16,172,382	19,111,062	22,570,763	22,702,399	United States.
Cuba and Porto Rico	346,381	241,097	500,309	453,656	364,320	404,629	604,471	499,496	501,010	725,608	174,693	114,702	80,631	76,893	106,061	123,385	Cuba and Porto Rico.
Other Foreign West Indies	3,215	10,211	3,172	4,479	6,638	5,089	3,400	1,836	2,412	3,770	3,129	2,968	3,543	6,543	3,105	493	Other Foreign West Indies.
South America (other than British Guiana)	253,598	213,478	142,553	249,229	170,952	118,845	95,718	89,374	79,078	63,081	79,241	106,057	281,918	234,500	190,115	199,459	South America (other than British Guiana).
TOTAL PRINCIPAL AND OTHER COUNTRIES	20,466,307	21,706,732	21,132,966	22,535,640	23,171,010	23,290,094	24,036,769	25,007,883	23,238,490	21,627,228	22,723,455	22,868,634	26,855,755	31,654,437	37,151,572	37,240,682	TOTAL PRINCIPAL AND OTHER COUNTRIES.

NOTE.—Conversions of dollars into £ sterling have been made at the rate of 4*s*. 1$\frac{5}{8}$*d*. per dollar.

TABLE II. (*b*).

DOMINION OF CANADA—EXPORTS. (*Years ended 30th June.*) DOMINION OF CANADA—EXPORTS.

TOTAL VALUE of EXPORTS (including BULLION and SPECIE) from the DOMINION OF CANADA, distinguishing PRINCIPAL COUNTRIES.

COUNTRIES.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	COUNTRIES.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
United Kingdom	8,536,156	9,158,598	8,236,641	7,829,820	9,935,691	10,126,204	13,336,962	13,167,225	14,083,327	12,710,340	13,703,484	15,868,665	21,575,108	20,361,340	22,137,610	21,642,936	United Kingdom.
British Possessions: Australasia	54,181	55,567	92,097	145,898	100,830	121,048	95,307	72,642	71,227	88,000	106,486	292,279	338,901	313,934	339,693	474,946	British Possessions: Australasia.
Africa	15,266	7,311	5,426	5,715	4,643	2,419	4,501	9,019	9,451	14,982	31,739	26,267	27,979	45,714	247,472	223,349	Africa.
Newfoundland	360,008	353,138	313,259	269,013	243,645	301,625	359,736	533,144	579,263	477,780	366,228	347,835	446,015	371,647	440,722	464,486	Newfoundland.
West Indies	258,195	243,064	306,539	340,858	306,872	361,761	353,975	373,686	414,219	381,579	341,260	297,010	310,507	360,052	349,101	395,558	West Indies.
British Guiana	37,537	46,228	43,502	45,393	39,682	45,261	53,249	56,936	79,298	71,184	56,412	55,779	56,288	49,030	57,978	76,594	British Guiana.
East Indies	1,158	1,314	246	16	1,857	2,948	479	261	585	849	1,816	3,247	2,728	8,242	8,567	4,862	East Indies.
Other British Possessions	3,695	1,670	211	19	2,642	2,679	9,987	1,364	3,529	4,647	4,282	7,141	5,909	5,179	4,254	15,178	Other British Possessions.
TOTAL, BRITISH EMPIRE	9,266,196	9,866,890	8,997,921	8,636,732	10,635,862	10,963,945	14,214,196	14,214,277	15,240,899	13,749,361	14,611,707	16,898,223	22,763,435	21,515,138	23,585,397	23,297,909	TOTAL, BRITISH EMPIRE.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Germany	52,047	89,904	40,797	29,507	104,207	109,344	193,705	154,204	420,422	128,831	155,657	214,815	377,558	456,076	352,583	440,045	Germany.
Holland	1,559	3,053	78	251	214	3,029	116,687	58,062	57,752	28,821	28,732	21,457	77,350	76,551	38,671	38,502	Holland.
Belgium	1,349	45,971	3,505	13,306	8,592	14,934	11,550	137,474	145,573	51,658	20,143	72,860	200,125	174,537	246,123	576,605	Belgium.
France	109,800	70,177	81,734	68,673	57,237	52,137	75,522	54,256	111,983	68,894	119,495	141,924	210,670	320,080	282,487	324,931	France.
Portugal	50,435	30,108	32,018	34,114	42,694	24,783	21,035	17,055	16,307	12,078	8,562	7,550	18,048	6,091	23,633	17,549	Portugal.
Spain	10,905	14,800	10,750	2,779	14,340	13,790	19,207	9,114	11,563	7,007	17,222	10,367	18,426	12,160	17,765	31,922	Spain.
Italy	22,315	25,825	11,320	12,342	16,656	18,698	30,674	17,956	22,436	7,053	11,663	22,321	15,157	25,739	53,518	64,739	Italy.
Switzerland	188	—	226	3	82	—	137	—	255	132	59	209	1,505	567	164	152	Switzerland.
China	12,620	8,056	15,619	14,821	7,177	11,958	52,669	63,097	105,109	75,586	135,567	156,570	74,628	59,607	52,666	104,977	China.
Japan	350	6,163	11,597	2,475	5,512	4,232	5,533	6,946	6,024	2,118	1,696	29,167	30,561	27,794	23,077	38,770	Japan.
United States	7,516,185	7,738,397	8,747,685	8,942,960	8,326,605	8,453,156	8,011,238	9,025,276	7,358,207	8,485,824	9,133,235	10,145,234	9,390,961	9,274,011	14,099,799	14,873,061	United States.
Cuba and Porto Rico	152,887	165,533	211,022	211,086	240,750	263,057	340,163	254,291	273,522	298,637	203,304	233,304	242,355	248,125	231,671	180,889	Cuba and Porto Rico.
Other Foreign West Indies	24,856	17,868	16,991	45,067	11,126	16,771	38,855	20,322	19,881	55,084	71,200	47,497	12,018	17,290	9,847	20,664	Other Foreign West Indies.
South America (other than British Guiana)	246,001	246,993	259,371	255,082	276,589	166,103	154,092	215,683	206,788	267,837	251,010	232,994	165,535	254,089	236,084	235,568	South America (otner than British Guiana).
TOTAL PRINCIPAL AND OTHER COUNTRIES	17,517,393	18,393,660	18,534,863	18,326,541	19,879,962	20,222,732	23,417,132	24,362,538	24,148,962	23,350,439	24,865,860	28,345,942	33,730,003	32,650,049	39,430,423	40,374,171	TOTAL PRINCIPAL AND OTHER COUNTRIES.

NOTE.—Conversions of dollars into £ sterling have been made at the rate of 4*s.* 1⅓*d.* per dollar.

TABLE III.

No. 17.—Statement of the Values of the Principal and other Articles entered for Consumption in Canada.

TABLE III.

No. 17.—STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada (both Dutiable and Free) during the Fiscal Years ended June 30, 1897 to 1901 inclusive, showing in each case the portion taken from Great Britain, the United States and all Other Countries. (From Canadian Returns, Trade and Commerce Report for 1900-01 (No. 10-1902)).

ABBREVIATIONS.—G. B., Great Britain; U. S., United States; O. C., Other Countries.

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Ale, beer, porter and ginger ale.	G. B.	89,472	—	89,472	98,390	—	98,390	100,289	—	100,289	106,973	—	106,973	103,768	—	103,768
	U. S.	59,233	—	59,233	59,615	—	59,615	72,860	—	72,860	95,751	—	95,751	86,079	—	86,079
	O. C.	1,013	—	1,013	481	—	481	269	—	269	739	—	739	743	—	743
Totals - -	- -	149,718	—	149,718	158,486	—	158,486	173,418	—	173,418	203,463	—	203,463	190,590	—	190,590
Animals, living: Horned cattle - -	G. B.	—	2,847	2,847	—	8,758	8,758	—	18,579	18,579	500	54,358	54,858	—	86,906	86,906
	U. S.	52,704	3,370	56,074	35,136	15,991	51,127	31,278	23,125	54,403	67,315	47,165	114,480	182,227	23,218	205,445
	O. C.	5	—	5	—	—	—	10	—	10	—	—	-	—	—	—
Totals - -	- -	52,709	6,217	58,926	35,136	24,749	59,885	31,288	41,704	72,992	67,815	101,523	169,338	182,227	110,124	292,351
Horses - -	G. B.	—	6,797	6,797	420	6,725	7,145	—	29,397	29,397	239	46,573	46,812	955	64,898	65,853
	U. S.	98,639	106,788	205,427	293,059	127,469	420,528	413,064	101,065	514,129	336,792	116,657	453,449	263,216	89,839	353,055
	O. C.	10	—	10	6	100	106	—	—	—	—	—	—	7	—	7
Totals - -	- -	98,649	113,585	212,234	293,485	134,294	427,779	413,064	130,462	543,526	337,031	163,230	500,261	264,178	154,737	418,915
Sheep - -	G. B.	—	5,069	5,069	16	3,880	3,896	—	5,762	5,762	—	16,697	16,697	—	12,990	12,990
	U. S.	80,715	1,500	82,215	87,985	739	88,724	86,701	1,290	87,991	99,590	2,415	102,005	159,504	810	160,314
Totals - -	- -	80,715	6,569	87,284	88,001	4,619	92,620	86,701	7,052	93,753	99,590	19,112	118,702	159,504	13,800	173,304
Other - - -	G. B.	311	1,991	2,302	341	933	1,274	28	4,182	4,210	38	2,407	2,445	177	2,194	2,371
	U. S.	30,183	6,645	36,828	17,454	11,121	28,575	52,866	10,273	63,139	42,386	8,161	50,547	19,305	13,504	32,809
	O. C.	328	—	328	1,389	—	1,389	352	75	427	164	60	224	—	290	290
Totals - -	- -	30,822	8,636	39,458	19,184	12,054	31,238	53,246	14,530	67,776	42,588	10,628	53,216	19,482	15,988	35,470

Recapitulation, Animals -	G. B.	311	16,704	17,015	777	20,296	21,073	28	57,920	57,948	777	120,035	120,812	1,132	166,988	168,120
	U. S.	262,241	118,303	380,544	433,634	155,320	588,954	583,909	135,753	719,662	546,083	174,398	720,481	624,252	127,371	751,623
	O. C.	343	—	343	1,395	100	1,495	362	75	437	164	60	224	7	290	297
Grand totals -	- -	262,895	135,007	397,902	435,806	175,716	611,522	584,299	193,748	778,047	547,024	294,493	841,517	625,391	294,649	920,040
Articles for use of the Army and Navy.	G. B.	—	1,683,694	1,683,694	—	625,653	625,653	—	382,625	382,625	—	550,282	550,282	—	597,078	597,078
	U. S.	—	5,466	5,466	—	10,666	10,666	—	6,184	6,184	—	46,961	46,961	—	34,410	34,410
	O. C.	—	5,569	5,569	—	393	393	—	285	285	—	608	608	—	2,291	2,291
Totals - -	- -	—	1,694,729	1,694,729	—	636,712	636,712	—	389,094	389,094	—	597,851	597,851	—	633,779	633,779
Articles for the use of the Dominion of Canada.	G. B.	—	89,609	89,609	—	184,765	184,765	—	190,543	190,543	—	306,427	306,427	—	474,127	474,127
	U. S.	—	141,096	141,096	—	155,643	155,643	—	656,768	656,768	—	376,296	376,296	—	1,092,198	1,092,198
	O. C.	—	4,106	4,106	—	13,959	13,959	—	12,054	12,054	—	30,084	30,084	—	84,488	84,488
Totals - -	- -	—	234,811	234,811	—	354,367	354,367	—	859,365	859,365	—	712,807	712,807	—	1,650,813	1,650,813
Asphaltum or asphalt -	G. B.	—	—	—	—	15	15	—	—	—	—	485	485	—	9	9
	U. S.	—	7,808	7,808	—	24,935	24,935	—	57,911	57,911	—	64,330	64,330	—	61,328	61,328
	O. C.	—	1,204	1,204	—	30,214	30,214	—	37,889	37,889	—	3,933	3,933	—	6,250	6,250
Totals - -	- -	—	9,012	9,012	—	55,164	55,164	—	95,800	95,800	—	68,748	68,748	—	67,587	67,587
Baking powder - -	G. B.	676	—	676	154	—	154	498	—	498	1,002	—	1,002	185	—	185
	U. S.	79,181	—	79,181	101,801	—	101,801	93,155	—	93,155	103,999	—	103,999	101,416	—	101,416
	O. C.	—	—	—	—	—	—	—	—	—	—	—	—	2	—	2
Totals - -	- -	79,857	—	79,857	101,955	—	101,955	93,653	—	93,653	105,001	—	105,001	101,603	—	101,603
Bells, all kinds - -	G. B.	33	11,224	11,558	376	5,313	5,689	2,044	2,982	5,026	540	6,830	7,370	4,238	6,614	10,852
	U. S.	21,933	6,864	28,797	16,300	10,333	26,633	18,263	11,891	30,154	20,168	24,582	44,750	16,390	14,990	31,380
	O. C.	698	6,517	7,215	230	128	358	395	4,292	4,687	198	6,547	6,745	511	14,273	14,784
Totals - -	- -	22,965	24,605	47,570	16,906	15,774	32,680	20,702	19,165	39,867	20,906	37,959	58,865	21,139	35,877	57,016
Belts of all kinds - -	G. B.	12,099	—	12,099	18,451	—	18,451	21,716	—	21,716	21,546	—	21,546	13,406	—	13,406
	U. S.	28,132	—	28,132	38,964	—	38,964	28,378	—	28,378	22,776	—	22,776	23,961	—	23,961
	O. C.	1,342	—	1,342	3,814	—	3,814	3,247	—	3,247	9,380	—	9,380	6,299	—	6,299
Totals - -	- -	41,573	—	41,573	61,229	—	61,229	53,341	—	53,341	53,702	—	53,702	43,666	—	43,666
Belts, surgical, or truss and suspensory bandages of all kinds.	G. B.	3,800	—	3,800	745	—	745	2,146	—	2,146	1,455	—	1,455	960	—	960
	U. S.	12,969	—	12,969	9,096	—	9,096	11,995	—	11,995	14,885	—	14,885	16,520	—	16,520
	O. C.	455	—	455	705	—	705	294	—	294	678	—	678	529	—	529
Totals - -	- -	17,224	—	17,224	10,546	—	10,546	14,435	—	14,435	17,018	—	17,018	18,009	—	18,009

TABLE III.—No. 17. STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Billiard tables	G. B.	1,702	—	1,702	613	—	613	234	—	234	2,777	—	2,777	1,696	—	1,696
	U. S.	4,448	—	4,448	4,350	—	4,350	2,666	—	2,666	4,357	—	4,357	4,558	—	4,558
	O. C.	—	—	—	—	—	—	—	—	—	—	—	—	135	—	135
Totals		6,150	—	6,150	4,963	—	4,963	2,900	—	2,900	7,134	—	7,134	6,389	—	6,389
Blacking, shoe and shoemakers' ink.	G. B.	2,179	—	2,179	3,125	—	3,125	4,416	—	4,416	2,033	—	2,033	2,315	—	2,315
	U. S.	20,658	—	20,658	15,747	—	15,747	20,150	—	20,150	17,823	—	17,823	17,981	—	17,981
	O.C.	2,048	—	2,048	470	—	470	2,991	—	2,991	1,903	—	1,903	965	—	965
Totals		24,885	—	24,885	19,342	—	19,342	27,557	—	27,557	21,759	—	21,759	21,261	—	21,261
Blueing, laundry, all kinds	G. B.	16,308	—	16,308	16,477	—	16,477	18,371	—	18,371	14,200	—	14,200	18,422	—	18,422
	U. S.	4,242	—	4,242	2,542	—	2,542	2,540	—	2,540	2,214	—	2,214	2,407	—	2,407
	O. C.	—	—	—	157	—	157	—	—	—	123	—	123	167	—	167
Totals		20,550	—	20,550	19,176	—	19,176	20,911	—	20,911	16,537	—	16,537	20,996	—	20,996
Bone and manufacturers of.	G. B.	9,936	3	9,939	1,209	222	1,431	9,066	—	9,066	22,006	125	22,131	3,297	48	3,345
	U. S.	5,219	4,811	10,030	6,033	18,634	24 667	11,774	10,329	22,103	11,327	15,298	26,625	6,491	2,066	8,557
	O. C.	1,785	19	1,804	3,313	7,200	10,513	1,389	459	1,848	3,756	3,560	7,316	4,322	725	5,047
Totals		16,940	4,833	21,773	10,555	26,056	36,611	22,229	10,788	33,017	37,089	18,983	56,072	14,110	2,839	16,949
Books, periodicals, &c., pamphlets, &c.	G. B.	205,706	139,790	345,496	185,008	255,811	440,819	222,442	157,818	380,260	203,167	133,528	336,695	228,885	162,540	391,425
	U. S.	535,946	203,803	739,749	578,220	242,759	820,979	695,134	270,152	965,286	729,099	365,920	1,095,019	790,827	349,029	1,139,856
	O. C.	72,511	40,342	112,853	51,757	50,121	101,878	59,083	42,492	101,575	64,122	66,248	130,370	69,656	62,802	132,458
Totals		814,163	383,935	1,198,098	814,985	548,691	1,363,676	976,659	470,462	1,447,121	996,388	565,696	1,562,084	1,089,368	574,371	1,663,739
Boot, shoe and stay laces of all kinds.	G. B.	38,838	—	38,838	44,687	—	44,687	40,957	—	40,957	45,378	—	45,378	61,596	—	61,596
	U. S.	6,779	—	6,779	7,360	—	7,360	8,440	—	8,440	8,842	—	8,842	10,553	—	10,553
	O. C.	10,842	—	10,842	16,843	—	16,843	15,795	—	15,795	11,120	—	11,120	11,935	—	11,935
Totals		56,459	—	56,459	68,890	—	68,890	65,192	—	65,192	65,340	—	65,340	84,084	—	84,084

Braces and suspenders -	G. B.	24,138	—	24,138	25,783	—	25,783	30,250	—	30,250	27,364	—	27,364	32,726	—	32,726
	U. S.	36,048	—	36,048	31,868	—	31,868	40,032	—	40,032	34,619	—	34,619	36,218	—	36,218
	O. C.	1,000	—	1,000	2,560	—	2,560	2,691	—	2,691	3,065	—	3,065	1,988	—	1,988
Totals - -	- -	61,186	—	61,186	60,211	—	60,211	72,973	—	72,973	65,048	—	65,048	70,932	—	70,932
Breadstuffs:																
Arrowroot and tapioca -	G. B.	22,378	—	22,378	21,636	—	21,636	21,525	—	21,525	16,734	—	16,734	26,529	—	26,529
	U. S.	1,997	—	1,997	7,732	—	7,732	4,657	—	4,657	8,218	—	8,218	4,641		4,641
	O. C.	2,860	—	2,360	5,632	—	5,632	13,777	—	13,777	25,398	—	25,398	26,941	—	26,941
Totals - -	- -	26,735	—	26,735	35,000	—	35,000	39,959	—	39,959	50,350	—	50,350	58,111	—	58,111
Biscuits, all kinds - -	G. B.	8,006	—	8,006	6,678	—	6,678	9,476	—	9,476	7,612	—	7,612	10.083	—	10,083
	U. S.	33,467	—	33,467	32,471	—	22,471	27,862	—	27,862	27,332	—	27,332	17,814	—	17,814
	O. C.	404	—	404	547	—	547	747	—	747	666	—	666	974	—	974
Totals - -	- -	41,877	—	41,877	39,696	—	39,696	38,085	—	38,085	35,610	—	35,610	28,871	—	28,871
Corn, Indian (including ensilage corn).	U. S.	512,505	718,374	1,230,879	63,576	6,963,908	7,057,484	218,163	8,966,890	9,185,053	175,515	6,961,970	7,137,485	162,677	6,484,181	6,646,858
	O. C.	—	7	7	—	272	272	—	35	35	—	—	—	—	346	346
Totals - -	- -	512,505	718,381	1,230,886	63,576	6,964,180	7,057,756	218,163	8,966,925	9,185,088	175,515	6,961,970	7,137,485	162,677	6,484,527	6,647,204
Wheat - - -	G. B.	20	—	20	—	—	—	—	—	—	—	—	—	—	—	—
	U. S.	37,719	—	37,719	42,402	—	42,402	21,542	—	21,542	15,770	—	15,770	61,914	—	61,914
	O. C.	—	—	—	2	—	2	5	—	5	—	—	—	1	—	1
Totals - -	-	37,739	—	37,739	42,404	—	42,404	21,547	—	21,547	15,770	—	15,770	61,915	—	61,915
Wheat flour - -	G. B.	114	—	114	47	—	47	161	—	161	36	—	36	503	—	503
	U. S.	94,263	—	94,263	148,166	—	148,166	196,007	—	196,007	167,939	—	167,939	145,492	—	145,492
	O. C.	2	—	2	14	—	14	9	—	9	20	—	20	6	—	6
Totals - -	- -	94,379	—	94,379	148,227	—	148,227	196,177	—	196,177	167,995	—	167,995	146,001	—	146,001
Other - - -	G. B.	72,487	—	72,487	135,100	—	135,100	99,152	—	99,152	231,912	—	231,912	155,643	41	155,684
	U. S.	236,636	1,683	238,319	471,557	4,491	476,048	476,693	3,448	480,141	505,898	4,189	510,087	551,700	4,111	555,811
	O. C.	153,462	—	153,462	221,364	—	221,364	352,311	—	352,311	211,394	—	211,394	416,899	—	416,899
Totals - -	- -	462,585	1,683	464,268	828,021	4,491	832,512	928,156	3,448	931,604	949,204	4,189	953,393	1,124,242	4,152	1,128,394
Recapitulation, Breadstuffs	G. B.	103,005		103,005	163,461	—	163,461	130,314	—	130,314	256,294	—	256,294	192,758	41	192,799
	U. S.	916,587	720,057	1,636,644	765,904	6,968,399	7,734,303	944,924	8,970,338	9,915,262	900,672	6,966,159	7,866,831	944,238	6,488,292	7,432,530
	O. C.	156,928	7	156,235	227,559	272	227,831	366,849	35	366,884	237,478	—	237,478	444,821	346	445,167
Grand Totals -	-	1,175,820	720,064	1,895,884	1,156,924	6,968,671	8,125,595	1,442,087	8,970,373	10,412,460	1,394,444	6,966,159	8,360,603	1,581,817	6,488,679	8,070,496

TABLE III.—No. 17. STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Bricks, clays, and tiles -	G. B.	14,632	67,386	82,018	12,371	81,934	94,305	26,708	103,964	130,672	27,927	141,603	169,530	23,987	97,290	121,277
	U. S.	67,593	73,223	140,816	62,033	80,130	142,163	101,341	109,453	210,794	117,690	324,758	442,448	108,902	443,999	552,901
	O. C.	1,067	648	1,715	183	3,904	4,087	193	2,095	2,288	297	883	1,180	454	18,423	18,877
Totals - -	- -	83,292	141,257	224,549	74,587	165,968	240,555	128,242	215,512	343,754	145,914	467,244	613,158	133,343	559,712	693,055
Bristles - - -	G. B.	—	17,938	17,938	—	21,013	21,013	—	25,009	25,009	—	29,656	29,656	—	30,201	30,201
	U. S.	—	25,179	25,179	—	26,319	26,319	—	35,032	35,032	—	37,347	37,347	—	23,170	23,170
	O. C.	—	10,430	10,430	—	11,963	11,963	—	14,099	14,099	—	17,102	17,102	—	7,320	7,320
Totals - -	- -	—	53,547	53,547	—	59,295	59,295	—	74,140	74,140	—	84,105	84,105	—	60,691	60,691
British gum, dextrine sizing cream, and enamel sizing.	G. B.	3,867	—	3,867	5,944	—	5,944	4,694	—	4,694	5,928	—	5,928	7,279	—	7,279
	U. S.	10,779	—	10,779	14,919	—	14,919	25,262	—	25,262	30,742	—	30,742	29,490	—	29,490
	O. C.	4,157	—	4,157	4,511	—	4,511	3,641	—	3,641	7,102	—	7,102	9,972	—	9,972
Totals - -	- -	18,803	—	18,803	25,374	—	25,374	33,597	—	33,597	43,772	—	43,772	46,741	—	46,741
Brooms and brushes -	G. B.	12,297	—	12,297	19,273	—	19,273	15,533	—	15,533	16,023	—	16,023	16,058	—	16,058
	U. S.	40,071	—	40,071	49,618	—	49,618	65,585	—	65,585	83,443	—	83,443	79,496	—	79,496
	O. C.	53,232	—	53,232	70,175	—	70,175	78,944	—	78,944	92,281	—	92,281	94,581	—	94,581
Totals - -	- -	105,600	—	105,600	139,066	—	139,066	160,062	—	160,062	191,747	—	191,747	190,135	—	190,135
Broom corn - -	G. B.	—	—	—	—	—	—	—	102	102	—	8,974	8,974	—	—	—
	U. S.	—	81,373	81,373	—	106,330	106,330	—	108,149	108,149	—	125,360	125,360	—	209,440	209,440
	O. C.	—	—	—	—	—	—	—	—	—	—	50	50	—	2,597	2,597
Totals - -	- -	—	81,373	81,373	—	106,330	106,330	—	108,251	108,251	—	134,384	134,384	—	212,037	212,037
Buttons, all kinds - -	G. B.	31,113	4	31,117	28,478	—	28,478	30,705	—	30,705	33,012	1	33,013	30,352	1,117	31,469
	U. S.	45,268	4,015	49,283	50,311	3,020	53,331	71,931	2,581	74,512	86,548	4,210	90,758	85,181	1,476	86,657
	O. C.	59,045	1,987	61,032	50,425	2,597	53,022	47,106	1,140	48,246	65,997	30	66,027	61,857	1,046	62,903
Totals - -	- -	135,426	6,006	141,432	129,214	5,617	134,831	149,742	3,721	153,463	185,557	4,241	189,798	177,390	3,639	181,029

Candles - - -	G .B.	10,118	—	10,118	8,952	—	8,952	8,638	—	8,638	11,140	—	11,140	12,031	—	12,031
	U. S	48,675	—	48,675	75,060	—	75,060	71,472	—	71,472	51,355	—	51,355	91,315	—	91,315
	O. C.	1,189	—	1,189	803	—	803	1,134	—	1,134	1,101	—	1,101	1,743	—	1,743
Totals - -	- -	59,982	—	59,982	84,815	—	84,815	81,244	—	81,244	63,596	—	63,596	105,089	—	105,089
Carpets, squares, mats, rugs, N.E.S.	G. B.	92,820	—	92,820	78,181	—	78,181	121,936	—	121,936	190,104	—	190,104	215,634	—	215,634
	U. S.	66,183	—	66,183	46,526	—	46,526	36,317	—	36,317	35,012	—	35,012	21,137	—	21,137
	O. C.	7,599	—	7,599	13,906	—	13,906	39,410	—	39,410	57,072	—	57,072	52,611	—	52,611
Totals - -	- -	166,602	—	166,602	138,613	—	138,613	197,663	—	197,663	282,188	—	282,188	289,382	—	289,382
Carriages, all kinds -	G. B.	57,964	—	57,964	13,815	—	13,815	17,378	—	17,378	8,147	—	8,147	27,614	—	27,614
	U. S.	1,507,373	—	1,507,373	1,240,783	—	1,240,783	1,318,789	—	1,318,789	1,325,407	—	1,325,407	1,033,805	—	1,033,805
	O. C.	25,410	—	25,410	47,596	—	47,596	31,558	—	31,558	71,913	—	71,913	49,235	—	49,235
Totals - -	- -	1,590,747	—	1,590,747	1,302,194	—	1,302,194	1,367,725	—	1,367,725	1,405,467	—	1,405,467	1,110,654	—	1,110,654
Cases, jewel, and watch cases.	G. B.	3,031	—	3,031	1,087	—	1,087	790	—	790	466	—	466	1,675	—	1,675
	U. S.	2,462	—	2,462	5,705	—	5,705	5,018	—	5,018	6,262	—	6,262	2,427	—	2,427
	O. C.	607	—	607	1,768	—	1,768	2,304	—	2,304	1,836	—	1,836	1,910	—	1,910
Totals - -	- -	6,100	—	6,100	8,560	—	8,560	8,112	—	8,112	8,564	—	8,564	6,012	—	6,012
Cement - - -	G. B.	111,551	—	111,551	106,548	—	106,548	129,738	—	129,738	247,089	—	247,089	229,795	—	229,795
	U. S.	45,210	—	45,210	59,855	—	59,855	52,578	—	52,578	55,862	—	55,862	231,068	—	231,068
	O. C.	104,081	—	104,081	200,574	—	200,574	298,098	—	298,098	214,689	—	214,689	208,976	—	208,976
Totals - -	- -	260,842	—	260,842	366,977	—	366,977	480,414	—	480,414	517,640	—	517,640	669,839	—	669,839
Clocks and parts of -	G. B.	5,283	—	5,283	7,342	—	7,342	7,326	—	7,326	6,840	—	6,840	9,882	—	9,882
	U. S.	91,326	—	91,326	130,727	—	130,727	156,374	—	156,374	174,885	—	174,885	174,170	—	174,170
	O. C.	19,957	—	19,957	26,701	—	26,701	23,020	—	23,020	16,635	—	16,635	24,794	—	24,794
Totals - -	- -	116,566	—	116,566	164,770	—	164,770	186,720	—	186,720	198,360	—	198,360	208,846	—	208,846
Coal, coke, &c. - -	G. B.	98,900	33,365	132,265	123,227	2,346	125,573	72,031	7,305	79,336	49,571	1,127	50,698	87,818	52,767	140,585
	U. S.	3,214,715	5,923,800	9,138,515	3,101,018	6,192,379	9,293,397	3,664,612	6,846,030	10,510,642	4,359,742	7,108,624	11,468,366	5,143,450	8,551,321	13,694,771
	O. C.	211	5,543	5,754	906	—	906	20	—	20	—	—	—	316	—	316
Totals - -	- -	3,313,826	5,962,708	9,276,534	3,225,151	6,194,725	9,419,876	3,736,663	6,853,335	10,589,998	4,409,313	7,109,751	11,519,064	5,231,584	8,604,088	13,835,672
Cocoanuts, and cocoa paste.	G. B.	49,585	13,982	63,567	58,587	16,501	75,088	76,186	15,356	91,542	96,498	21,150	117,648	107,147	20,518	127,665
	U. S.	80,209	20,015	100,284	91,270	18,796	110,066	122,414	24,345	146,759	148,735	33,202	181,937	131,897	49,227	181,124
	O. C.	33,051	24,798	63,849	45,864	28,525	74,389	41,675	59,686	104,361	58,976	63,409	122,385	84,434	93,471	177,905
Totals -	- -	168,905	58,795	227,700	195,721	63,822	259,543	248,275	99,387	342,662	304,209	117,761	421,970	323,478	163,216	486,694

TABLE III.—No. 17. STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Coffee, chicory, &c.	G. B.	4,468	136,499	140,967	5,111	82,556	87,667	5,591	82,607	88,198	4,986	68,215	73,201	5,331	79,221	84,552
	U. S.	65,025	—	65,025	81,068	—	81,068	105,464	—	105,464	120,177	—	120,177	138,310	—	138,315
	O. C.	2 904	519,194	522,098	4,550	360,317	364,867	1,969	378,746	380,715	1,466	373,965	375,431	3,452	268,005	271,457
Totals		72,397	655,693	728,090	90,729	442,873	533,602	113,024	461,353	574,377	126,629	442,180	568,809	147,093	347,226	494,319
Collars and cuffs	G. B.	30,119	—	30,119	42,022	—	42,022	44,870	—	44.870	36,028	—	36,028	25,612	—	25,612
	U. S.	7,656	—	7,656	9,294	—	9,294	11,400	—	11,400	14,622	—	14,622	24,994	—	24,994
	O. C.	1,377	—	1,377	6,826	—	6,826	9,666	—	9,666	15,411	—	15,411	38,469	—	38,469
Totals		39,152	—	39,152	58,142	—	58,142	65,936	—	65,936	66,061	—	66,061	89,075	—	89,075
Combs	G. B.	35,399	—	35,399	41,441	—	41,441	51,323	—	51,323	54,424	—	54,424	54,137	—	54,137
	U. S.	16,695	—	16,695	20,617	—	20,617	30,245	—	30,245	37,484	—	37,484	32,740	—	32,740
	O. C.	21,515	—	21,515	25,615	—	25,615	40,875	—	40,875	61,223	—	61,223	41,601	—	41,601
Totals		73,609	—	73,609	87,673	—	87,673	122,443	—	122,443	153,131	—	153,131	128,478	—	128,478
Cordage twine and manufactures of.	G. B.	18,324	—	18,324	21,971	465	22,436	34,835	575	35,410	32,186	752	32,938	66,627	1,897	68,524
	U. S.	258,126	—	258,126	189,041	385,880	574,921	73,465	886,604	960,069	80,454	898,396	978,850	95,315	1,015,674	1,110,989
	O. C.	743	—	743	1,449	118	1,567	1,826	8	1,834	1,893	—	1,893	1,802	—	1,802
Totals		277,193	—	277,193	212,461	386,463	598,924	110,126	887,187	997,313	114,533	899,148	1,013,681	163,744	1,017,571	1,181,315
Cotton and manufactures of.	G. B.	2,693,114	177,378	2,870,492	3,086,068	198,256	3,284,324	3,906,676	197,090	4,103.766	4,474,687	378,113	4,852,800	4,879,909	204,715	5,084,624
	U. S.	1,119,147	3,361,379	4,480,526	1,332,533	4,148,607	5,481,140	1,679,428	3,416,664	5,096,092	1,509,312	4,491,575	6,000,887	1,463,686	5,148,970	6,612,656
	O. C.	239,100	19,418	258,518	292,193	16,059	308,252	398,084	16,981	415,065	522,570	19,514	542,084	584,397	20,222	604,619
Totals		4,051,361	3,558,175	7,609,536	4,710,794	4,362,922	9,073,716	5,984,188	3,630,735	9,614,923	6,506,569	4,889,202	11,395,771	6,927,992	5,373,907	12,301,899
Crapes all kinds	G. B.	13,674	—	13,674	15,820	—	15,820	16,657	—	16,657	19,504	—	19,504	20,227	—	20,227
	U. S.	1,514	—	1,514	207	—	207	1,072	—	1,072	340	—	340	502	—	502
	O. C.	1,079	—	1,079	3,220	—	3,220	2,571	—	2,571	3,232	—	3,232	1,709	—	1,709
Totals		16,267	—	16,267	19,247	—	19,247	20,300	—	20,300	23,076	—	23,076	22,438	—	22,438

Curtains	G. B.	169,192	—	169,192	192,766	—	192,766	248,944	—	248,944	284,183	—	284,183	305,623	—	305,623
	U. S.	58,692	—	58,692	78,480	—	78,480	88,986	—	88,986	92,024	—	92,024	55,443	—	55,443
	O. C.	36,822	—	36,822	42,323	—	42,323	52,449	—	52,449	61,778	—	61,778	75,884	—	75,884
Totals	- -	264,706	—	264,706	313,569	—	313,569	390,379	—	390,379	437,985	—	437,985	436,950	—	436,950
Drugs, dyes, chemicals, and medicines.	G. B.	228,350	640,341	868,691	300,518	805,028	1,105,576	415,155	599,974	1,015,129	551,908	670,795	1,222,703	714,336	697,776	1,412,112
	U. S.	553,990	875,048	1,429,038	616,294	1,074,644	1,690,938	757,240	1,327,483	2,084,723	771,119	1,373,414	2,144,533	765,109	1,917,007	2,682,116
	O. C.	343,380	276,644	620,024	381,985	520,290	902,275	356,337	421,737	778,074	260,030	417,500	677,530	356,152	528,251	884,403
Totals	- -	1,125,720	1,792,033	2,917,753	1,298,827	2,399,962	3,698,789	1,528,732	2,349,194	3,877,926	1,583,057	2,461,709	4,044,766	1,835,597	3,143,034	4,978,631
Earthenware and china-ware.	G. B.	386,780	—	386,780	454,062	—	454,062	577,290	—	577,290	563,931	—	563,931	687,158	—	687,158
	U. S.	62,662	—	62,662	77,059	—	77,059	136,256	—	136,256	188,495	—	188,495	161,805	—	161,805
	O. C.	146,380	—	146,380	144,753	—	144,753	203,181	—	203,181	207,100	—	207,100	265,714	—	265,714
Totals	- -	595,822	—	595,822	675,874	—	675,874	916,727	—	916,727	959,526	—	959,526	1,114,677	—	1,114,677
Electric apparatus	G. B.	6,806	—	6,806	8,274	—	8,274	12,475	—	12,475	21,225	—	21,225	9,177	—	9,177
	U. S.	449,553	—	449,553	428,644	—	428,644	538,789	—	538,789	847,653	—	847,653	904,629	—	904,629
	O. C.	2,340	—	2,340	5,104	—	5,104	2,690	—	2,690	2,434	—	2,434	6,048	—	6,048
Totals	- -	458,699	—	458,699	442,022	—	442,022	553,954	—	553,954	871,312	—	871,312	919,854	—	919,854
Embroideries, N.O.P.	G. B.	42,626	—	42,626	20,308	—	20,308	18,566	—	18,566	22,298	—	22,298	20,502	—	20,502
	U. S.	4,641	—	4,641	2,272	—	2,272	4,790	—	4,790	8,444	—	8,444	6,905	—	6,905
	O. C.	93,055	—	93,055	16,389	—	16,389	23,202	—	23,202	23,237	—	23,237	29,172	—	29,172
Totals	- -	140,322	—	140,322	38,969	—	38,969	46,558	—	46,558	53,979	—	53,979	56,579	—	56,579
Emery and manufacture of	G. B.	979	796	1,775	442	2,032	2,474	399	2,798	3,197	410	1,634	2,044	647	2,736	3,383
	U. S.	10,214	15,522	25,736	14,833	15,629	30,462	21,692	18,656	40,348	25,101	17,678	42,779	22,158	13,243	35,401
	O. C.	38	—	38	203	—	203	252	—	252	104	—	104	—	332	332
Totals	- -	11,231	16,318	27,549	15,478	17,661	33,139	22,343	21,454	43,797	25,615	19,312	44,927	22,805	16,311	39,116
Fancy Goods: Bead ornaments	G. B.	13,218	—	13,218	9,463	—	9,463	9,087	—	9,087	8,813	—	8,813	5,914	—	5,914
	U. S.	1,140	—	1,140	4,607	—	4,607	3,396	—	3,396	4,178	—	4,178	6,975	—	6,975
	O. C.	15,129	—	15,129	17,237	—	17,237	27,492	—	27,492	25,372	—	25,372	37,055	—	37,055
Totals	- -	29,487	—	29,487	31,307	—	31,307	39,975	—	39,975	38,363	—	38,363	49,944	—	49,941
Braids, bracelets, cords, fringes, tassels, &c.	G. B.	156,379	—	156,379	173,438	—	173,438	147,156		147,156	153,288	—	153,288	129,874	—	129,874
	U. S.	85,280	—	85,280	95,535	—	95,535	125,957	—	125,957	139,867	—	139,867	103,753	—	103,753
	O. C.	79,879	—	79,879	105,616	—	105,616	112,075	—	112,075	109,988	—	109,988	155,622	—	155,622
Totals	- -	321,538	—	321,538	374,589	—	374,589	385,188	—	385,188	403,143	—	403,143	389,249	—	389,249

TABLE III.—No. 17. Statement of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

Articles.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Fancy Goods—*continued.*																
Flowers, artificial -	G. B.	109,668	—	109,668	117,794	—	117,794	87,171	—	87,171	73,083	—	73,083	56,190	—	56,190
	U. S.	51,795	—	51,795	66,373	—	66,373	71,961	—	71,961	65,455	—	65,455	58,920	—	58,920
	O. C.	26,584	—	26,584	39,245	—	39,245	33,496	—	33,496	33,966	—	33,966	26,378	—	26,378
Totals - -	- -	188,047	—	138,047	223,412	—	223,412	192,628	—	192,628	172,504	—	172,504	141,488	—	141,488
Feathers, ostrich and vulture, dressed and undressed.	G. B.	121,787	—	121,787	127,315	—	127,315	155,904	—	155,904	156,557	—	156,557	136,962	—	136,962
	U. S.	23,848	—	23,848	48,246	—	48,246	75,920	—	75,920	78,876	—	78,876	43,895	—	43,895
	O C.	30,742	—	30,742	47,025	—	47,025	51,945	—	51,945	55,686	—	55,686	39,421	—	39,421
Totals - -	- -	176,377	—	176,377	222,586	—	222,586	283,769	—	283,769	291,119	—	291,119	220,278	—	220,278
Laces, lace collars, and similar goods, &c.	G. B.	447,380	—	447,380	544,113	—	544,113	464,226	—	464,226	505.583	—	505,583	538,528	—	538,528
	U. S.	15,972	—	15,972	13,923	—	13,923	21,474	—	21,474	35,177	—	35,177	31,977	—	31,977
	O. C.	74,615	—	74,615	133,067	—	133,067	133,431	—	133,431	153,120	—	153,120	228,714	—	228,714
Totals - -	- -	537,967	—	537,967	691,103	—	691,103	619,131	—	619,131	693,880	—	693,880	799,219	—	799,219
Other - -	G. B.	24,750	—	24,750	31,560	—	31,560	28,695	—	28,695	30,691	—	30,691	30,663	—	30,663
	U. S	84,774	—	84,774	91,138	—	91,138	102,895	—	102,895	115,275	—	115,275	113,949	—	113,949
	O. C.	117,766	—	117,766	116,934	—	116,934	166,489	—	166,489	144,575	—	144,575	185,923	—	185,923
Totals - -	- -	227,290	—	227,290	239,632	—	239,632	298,079	—	298,079	290,541	—	290,541	330,535	—	330,535
Recapitulation, Fancy Goods.	G. B.	873,182	—	873,182	1,003,683	—	1,003,683	892,239	—	892,239	928,015	—	928,015	898,131	—	898 131
	U. S.	262,809	—	262,809	319,822	—	319,822	401.603	—	401,603	438,828	—	438,828	359,469	—	359,469
	O. C.	344,715	—	344,715	459,124	—	459,124	524,928	—	524,928	522,707	—	522,707	673,113	—	673,113
Grand Totals -	- -	1,480,706	—	1,480,706	1,782,629	—	1,782,629	1,818,770	—	1,818,770	1,889,550	—	1,889,550	1,930,713	—	1,930,713
Fertilizers - -	G. B.	1 375	3,232	4,607	740	23,988	24,728	565	730	1,295	5,820	8,485	14,305	3,427	5,141	8,565
	U. S.	52,747	31,859	84,606	45,195	25,930	71.125	59,037	45,827	104,864	61,543	56,756	118,299	70,781	101,391	172,172
	O. C.	—	2,763	2,763	503	220	723	—	234	234	—	769	769	—	300	300
Totals - -	- -	54,122	37,854	91,976	46,438	50,138	96,576	59,602	46,791	106,393	67,363	66,010	133,373	74,208	106,832	181,040

Fish and fish produce, N.E.S.	G. B.	41,815	—	41,815	54,126	102	54,228	74,564	137	74,701	55,618	—	55,618	63,267	—	63,267
	U. S.	286,220	102,519	388,739	276,491	86,920	363,411	369,207	1,313	370,520	483,412	1,133	484,545	407,999	517	408,516
	O. C.	41,165	264,398	305,563	33,066	334,465	373,531	52,415	385,895	438,310	43,620	485,131	528,751	53,021	359,053	412,074
Totals - -	- -	369,200	366,917	736,117	369,683	421,487	791,170	496,186	387,345	883,531	582,650	486,264	1,068,914	524,287	359,570	883,857
Fisheries, articles for, nets, seines, lines, &c.	G. B.	—	334,399	334,399	8,665	274,107	282,772	9,089	298,252	307,341	10,730	305,719	316,449	14,829	298,054	312,883
	U. S.	—	204,168	204,168	3,613	206,528	210,141	5,263	233,730	238,993	6,914	298,310	305,224	12,197	321,205	333,402
	O. C.	—	2,059	2,059	—	3,003	3,003	—	4,046	4,046	—	5,855	5,855	16	7,657	7,673
Totals - -	- -	—	540,626	540,626	12,278	483,638	495,916	14,352	536,028	550,380	17,644	609,884	627,528	27,042	626,916	653,958
Flax, hemp, jute, and manufactures of.	G. B.	1,158,809	831,632	1,990,441	1,280,829	916,003	2,196,832	1,610,210	1,081,210	2,691,420	1,660,274	1,269,254	2,929,528	1,747,294	1,101,085	2,848,379
	U. S.	55,149	212,819	267,968	55,321	254,434	309,755	69,395	450,330	519,725	63,348	478,240	541,588	74,864	376,296	451,160
	O. C.	49,750	5,382	55,132	76,186	23,002	99,188	74,959	2,848	77,807	107,269	15,688	122,957	90,912	28,067	118,979
Totals - -	- -	1,263,708	1,049,833	2,313,541	1,412,336	1,193,439	2,605,775	1,754,564	1,534,388	3,288,952	1,830,891	1,763,182	3,594,073	1,913,070	1,505,448	3,418,518
Fruits:																
Fruits, dried, including nuts.	G. B.	46,878	—	46,878	65,036	—	65,036	52,171	—	52,171	57,629	—	57,629	56,057	—	56,057
	U. S.	307,420	—	307,420	497,472	—	497,472	471,840	—	471,840	692,171	—	692,171	727,861	—	727,861
	O. C.	479,342	—	479,342	657,274	—	657,274	727,305	—	727,305	807,540	—	807,540	929,004	—	929,004
Totals - -	- -	833,640	—	833,640	1,219,782	—	1,219,782	1,241,316	—	1,241,316	1,557,340	—	1,557,340	1,712,922	—	1,712,922
Fruits, green and ripe -	G. B	135,873	5	135,878	94,311	24	94,335	117,147	—	117,147	157,291	—	157,291	155,563	31	155,594
	U. S.	583,080	465,006	1,048,086	762,027	506,372	1,268,399	817,003	557,499	1,374,502	927,381	578,017	1,505,398	961,759	666,747	1,628,506
	O. C.	171,882	11,092	182,974	177,204	4,847	182,051	234,331	9,208	243,539	90,261	3,463	93,724	204,039	2,517	206,556
Totals - -	- -	890,835	476,103	1,366,938	1,033,542	511,243	1,544,785	1,168,481	566,707	1,735,188	1,174,933	581,480	1,756,413	1,321,361	669,295	1,990,656
Fruits, other, including preserved fruits.	G. B.	31,549	726	32,275	35,433	336	35,769	49,754	—	49,754	64,933	134	65,067	78,502	—	78,502
	U. S.	30,685	1,425	32,110	36,495	—	36,495	57,237	—	57,237	91,259	—	91,259	77,359	248	77,607
	O. C.	,077	1,409	7,486	8,827	782	9,609	8,925	187	9,112	10,077	—	10,077	13,802	—	13,802
Totals - -	- -	68,311	3,560	71,871	80,755	1,118	81,873	115,916	187	116,103	166,269	134	166,403	169,663	248	169,911
Recapitulation, Fruits -	G. B.	214,300	731	215,031	194,780	360	195,140	219,072	—	219,072	279,853	134	279,987	290,122	31	290,153
	U. S.	921,185	466,431	1,387,616	1,295,994	506,372	1,802,366	1,346,080	557,499	1,903,579	1,710,811	578,017	2,288,828	1,766,979	666,995	2,433,974
	O. C.	657,301	12,501	669,802	843,305	5,629	848,934	960,561	9,395	969,956	907,878	3,463	911,341	1,146,845	2,517	1,149,362
Grand Totals -	- -	1,792,786	479,663	2,272,449	2,334,079	512,361	2,846,440	2,525,713	566,894	3,092,607	2,898,542	581,614	3,480,156	3,203,946	669,543	3,873,489
Furs, manufactures of -	G. B.	185,724	112,706	298,430	185,038	123,324	308,362	275,130	250,457	525,587	260,739	215,258	475,997	378,331	283,206	661,537
	U. S.	38,516	266,774	305,290	56,951	246,173	303,124	99,857	332,575	431,932	109,787	745,779	855,566	148,691	809,129	957,820
	O. C.	172,258	125,593	297,851	199,386	80,517	279,903	311,284	294,217	605,501	388,699	386,370	775,069	438,369	327,455	765,824
— Totals - -	- -	396,498	505,073	901,571	441,375	450,014	891,389	685,771	877,249	1,563,020	759,225	1,347,407	2,106,632	965,391	1,419,790	2,385,181

TABLE III.—No. 17. Statement of the Values of the Principal and Other Articles entered for Consumption in Canada, &c.—*continued.*

Articles.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Glass and manufactures of.	G. B.	187,888	—	187,888	228,643	—	228,643	289,049	—	289,049	367115	—	367,115	352,204	—	352,204
	U. S.	433,729	—	433,729	363,523	—	363,523	484,210	—	484,210	535,735	—	535,735	538,692	—	538,692
	O. C.	518,147	—	518,147	432,540	—	432,540	569,799	—	569,799	755,844	—	755,844	684,723	—	684,723
Totals - -	- -	1,139,764	—	1,139,764	1,024,706	—	1,024,706	1,343,058	—	1,343,058	1,658,694	—	1,658,694	1,575,619	—	1,575,619
Glue, glue stock, and mucilage.	G. B	5,844	—	5,844	14,122	—	14,122	17,682	—	17,682	25,215	—	25,215	28,045	—	28,045
	U. S.	53,081	96	53,177	78,468	485	78,953	99,363	1,797	101,160	96,322	649	96,971	91,960	1,183	93,143
	O. C.	39,102	—	39,102	44,065	—	44,065	59,319	—	59,319	49,888	—	49,888	76,476	—	76,476
Totals -- -	- -	98,027	96	98,123	136,655	485	137,140	176,364	1,797	178,161	171,425	649	172,074	196,481	1,183	197,664
Gloves and mitts of all kinds.	G. B.	228,427	—	228,427	193,395	—	193,395	220,458	—	220,458	208,118	—	208,118	215,122	—	215,122
	U. S.	21,398	—	21,398	27,399	—	27,399	37,097	—	37,097	51,580	—	51,580	37,926	—	37,926
	O. C.	266,553	—	266,553	343,287	—	343,287	466,185	—	466,185	443,311	—	443,311	449,530	—	449,530
Totals - -	- -	516,378	—	516,378	564,081	—	564,081	723,740	—	723,740	703,009	—	703,009	702,578	—	702,578
Grasses, fibres, and manufactures of.	G. B	1,168	1,687	2,855	725	30,103	30,828	393	1,184	1,577	297	4,173	4,470	1,554	6,517	8,071
	U. S.	8,983	46,936	55,918	9 953	98,478	108,436	12,657	76,917	89,574	20,596	74,257	94,853	36,173	77,604	113,777
	O. C.	1,271	461	1,732	3,325	530	3,855	5,356	444	5,800	7,670	1,562	9,232	11,410	864	12,274
Totals - -	- -	11,421	49,084	60,505	14,008	129,111	143,119	18,406	78,545	96,951	28,563	79,992	108,555	49,137	84,985	134,122
Grease, all k'nds	G. B.	1,069	2,493	3,562	567	1,733	2,300	531	2,899	3,430	176	2,453	2,629	467	6,043	6,510
	U. S.	16,227	175,641	191,868	22,476	152,055	174,531	18,228	172,894	191,122	24,161	269,209	293,370	28,917	338,949	367,866
	O. C.	—	554	554	—	7,423	7,423	—	5,490	5,490	—	3,333	3,333	588	9,109	9,697
Totals - -	- -	17,296	178,688	195,984	23,043	161,211	184,254	18,759	181,283	200,042	24,337	274,995	299,332	29,972	354,101	384,073
Gunpowder and other explosives.	G. B.	19,444	—	19,444	21,977	—	21,977	40,465	—	40,465	48,459	—	48,459	82,169	—	82,169
	U. S.	111,471	—	111,471	118,051	—	118,051	170,752	—	170,752	195,361	—	195,361	186,970	—	186,970
	O. C.	647	—	647	1,703	—	1,703	1,751	—	1,751	4,509	—	4,509	9,401	—	9,401
Totals - -	- -	131,562	—	131,562	141,731	—	141,731	212,968	—	212,968	248,329	—	248,329	278,540	—	278,540

Gutta percha, India rubber, and manufactures of.	G. B.	90,274	16,531	10,805	127,034	4,854	131,888	120,681	9,614	130,295	116,840	41,198	158,038	155,445	254	155,699
	U. S.	207,273	1,163,084	1,370,357	255,435	1,718,886	1,974,321	355,951	1,823,261	2,179,212	399,738	2,251,375	2,651,113	432,649	1,969,474	2,402,123
	O. C.	20,428	2,875	23,303	20,762	8,929	29,691	15,497	18,080	33,577	19,493	21,700	41,193	21,797	17,185	38,982
Totals - -	- -	317,975	1,182,490	1,500,465	403,231	1,732,669	2,135,900	492,129	1,850,955	2,343,084	536,071	2,314,273	2,850,344	609,891	1,986,913	2,596,804
Hair and manufactures of	G. B.	4,890	6,848	11,738	8,473	16,745	25,218	8,915	17,990	26,905	8,209	18,405	26,614	6,324	2,824	9,148
	U. S.	11,797	39,634	51,431	18,338	26,366	44,704	14,393	35,823	50,216	15,880	39,415	55,295	13,584	28,585	42,169
	O. C.	1,895	1,622	3,517	2,604	1,294	3,898	2,121	1,758	3,879	1,613	2,356	3,969	1,379	1,998	3,377
Totals - -	- -	18,582	48,104	66,686	29,415	44,405	73,820	25,429	55,571	81,000	25,702	60,176	85,878	21,287	33,407	54,694
Hats, caps, and bonnets -	G. B.	694,342	28,862	723,204	730,706	58,766	789,472	794,338	46,271	840,609	878,891	69,982	948,873	893,501	63,735	957,236
	U. S.	479,438	98,602	578,040	651,281	86,741	738,022	702,687	99,449	802,136	736,106	108,442	844,548	738,708	168,803	907,511
	O. C.	17,624	9,966	27,590	20,534	11,836	32,370	17,384	20,631	38,015	22,425	23,241	45,666	29,554	33,082	62,636
Totals - -	- -	1,191,404	137,430	1,328,834	1,402,521	157,343	1,559,864	1,514,409	166,351	1,680,760	1,637,422	201,665	1,839,087	1,661,763	265,620	1,927,383
Hay - -	U. S.	44,868	—	44,868	66,422	—	66,422	57,988	—	57,988	88,212	—	88,212	116,228	—	116,228
Hides, skins, hoofs, horns, tips, and pelts.	G. B.	—	148,202	148,202	—	508,805	508,805	—	880,327	880,327	—	1,008,698	1,008,698	—	680,730	680,730
	U. S.	—	2,134,430	2,134,430	—	2,242,987	2,242,987	—	1,947,188	1,947,188	—	2,128,488	2,128,488	—	2,435,411	2,435,411
	O. C.	—	144,398	144,398	—	849,590	849,590	—	1,050,476	1,050,476	—	1,082,213	1,082,213	—	1,004,302	1,004,302
Totals - -	- -	—	2,427,030	2,427,030	—	3,601,382	3,601,382	—	3,877,991	3,877,991	—	4,219,399	4,219,399	—	4,120,443	4,120,443
Hops - - -	G. B.	13,871	—	13,871	25,657	—	25,657	21,843	—	21,843	17,702	—	17,702	19,403	—	19,403
	U. S.	46,222	—	46,222	46,136	—	46,136	101,133	—	101,133	113,924	—	113,924	110,440	—	110,440
	O. C.	23,931	—	23,931	28,185	—	28,185	11,280	—	11,280	12,019	—	12,019	16,327	—	16,327
Totals - -	- -	84,024	—	84,024	99,978	—	99,978	134,256	—	134,256	143,645	—	143,645	146,170	—	146,170
Ink, writing and printing	G. B.	18,727	—	18,727	12,923	—	12,923	21,265	—	21,265	19,195	—	19,195	21,660	—	21,660
	U. S.	63,259	—	63,259	72,822	—	72,822	79,769	—	79,769	87,862	—	87,862	106,517	—	106,517
	O. C.	3,538	—	3,538	3,115	—	3,115	3,489	—	3,489	2,096	—	2,096	4,552	—	4,552
Totals - -	- -	85,524	—	85,524	88,860	—	88,860	104,523	—	104,523	109,153	—	109,153	132,729	—	132,729
Ivory and manufactures of	G. B.	167	16,659	16,826	—	19,011	19,011	36	16,359	16,395	27	21,735	21,762	10	27,368	27,378
	U. S.	59	1,142	1,201	52	5,895	5,947	49	15,910	15,959	39	22,497	22,536	301	28,402	28,703
	O. C.	81	8,584	8,665	4	9,009	9,013	66	5,025	5,091	113	2,719	2,832	96	2,340	2,436
Totals - -	- -	307	26,385	26,692	56	33,915	33,971	151	37,294	37,445	179	46,951	47,130	407	58,110	58,517

TABLE III.—No. 17. STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Jewellery of gold and silver and other metals and imitations of.	G. B.	35,661	—	35,661	34,477	—	34,477	39,338	—	39,338	47,699	—	47,699	67,814	—	67,814
	U. S.	228,450	—	228,450	279,314	—	279,314	393,427	—	393,427	464,249	—	464,249	422,146	—	422,146
	O. C.	27,735	—	27,735	27,658	—	27,658	38,756	—	38,756	66,837	—	66,837	50,260	—	50,260
Totals - -		291,846	—	291,846	341,449	—	341,449	471,521	—	471,521	578,785	—	578,785	540,220	—	540,220
Junk, old and oakum -	G. B.	—	14,203	14,203	—	23,799	23,799	—	20,364	20,364	—	32,670	32,670	—	20,621	20,621
	U. S.	—	14,149	14,149	—	21,432	21,432	—	16,951	16,951	—	21,372	21,372	—	29,629	29,629
	O. C.	—	1,918	1,918	—	1,822	1,822	—	1,273	1,273	—	990	990	—	2,524	2,524
Totals - -		—	30,270	30,270	—	47,053	47,053	—	38,588	38,588	—	55,032	55,032	—	52,774	52,774
Leather and manufactures of:																
Boots and shoes -	G. B.	12,553	—	12,553	15,902	—	15,902	20,237	—	20,237	9,628	—	9,628	19,774	—	19,774
	U. S.	271,957	—	271,957	354,268	—	354,268	430,161	—	430,161	529,281	—	529,281	618,479	—	618,479
	O. C.	35,366	—	35,366	4,709	—	4,709	3,233	—	3,233	3,271	—	3,271	4,107	—	4,107
Totals - -		319,876	—	319,869	374,879	—	374,879	453,631	—	453,631	542,180	—	542,180	642,360	—	642,360
Calf, kid, lamb and sheep skins, dressed and undressed.	G. B.	12,244	—	12,244	17,939	—	17,939	36,281	—	36,281	21,331	—	21,331	34,160	—	34,160
	U. S.	336,752	—	336,752	341,378	—	341,378	254,658	—	254,658	233,629	—	233,629	166,817	—	166,817
	O. C.	19,517	—	19,517	26,330	—	26,330	24,399	—	24,399	19,547	—	19,547	13,822	—	13,822
Totals - -		368,513	—	368,513	385,647	—	385,647	315,338	—	315,338	274,507	—	274,507	214,799	—	214,799
Leather belting, all kinds.	G. B.	39,800	—	39,800	57,175	—	57,175	58,520	—	58,520	96,383	—	96,383	65,049	—	65,049
	U. S.	32,575	—	32,575	40,637	—	40,637	28,516	—	28,516	39,990	—	39,990	27,855	—	27,855
	O. C.	—	—	—	—	—	—	97	—	97	18	—	18	806	—	806
Totals - -		72,375	—	72,375	97,812	—	97,812	87,133	—	87,133	136,391	—	136,391	93,710	—	93,710
Sole leather - -	G. B.	1,923	—	1,923	4,969	—	4,969	16,613	—	16,613	34,034	—	34,034	9,652	—	9,652
	U. S.	117,145	—	117,145	222,642	—	222,642	132,223	—	132,223	139,780	—	139,780	67,010	—	67,010
	O. C.	—	—	—	—	—	—	106	—	106	12	—	12	—	—	—
Totals - -		119,068	—	119,068	227,611	—	227,611	148,942	—	148,942	173,826	—	173,826	76,662	—	76,662

Other - - -	G. B.	34,726	—	34,726	50,509	—	50,509	69,143	—	69,143	61,188	—	61,188	79,153	—	79,153
	U. S.	435,301	—	435,301	488,471	—	488,471	585,591	—	585,591	667,410	—	667,410	570,728	—	570,728
	O. C.	27,686	—	27,686	33,348	—	35,348	33,333	—	35,333	23,831	—	23,831	50,637	—	50,637
Totals - -	- -	497,713	—	497,713	572,328	—	572,328	690,067	—	690,067	752,429	—	752,429	700,518	—	700,518
Recapitulation, Leather and Manufactures of.	G. B.	101,246	—	101,246	146,494	—	146,494	200,794	—	200,794	222,564	—	222,564	207,788	—	207,788
	U. S.	1,193,730	—	1,193,730	1,447,396	—	1,447,396	1,431,149	—	1,431,149	1,610,090	—	1,610,090	1,450,889	—	1,450,889
	O. C.	82,569	—	82,569	64,387	—	64,387	63,168	—	63,168	46,679	—	46,679	69,372	—	69,372
Grand Totals -	- -	1,377,545	—	1,377,545	1,658,277	—	1,658,277	1,695,111	—	1,695,111	1,879,333	—	1,879,333	1,728,049	—	1,728,049
Machine card clothing -	G. B.	23,110	—	23,110	15,213	—	15,213	36,933	—	36,933	23,239	—	23,239	24,416	—	24,416
	U. S.	4,724	—	4,724	2,577	—	2,577	3,463	—	3,463	5,505	—	5,505	7,404	—	7,404
	O. C.	1,083	—	1,083	3,154	—	3,154	485	—	485	425	—	425	3,105	—	3,105
Totals - -	- -	28,917	—	28,917	20,944	—	20,944	40,881	—	40,881	29,169	—	29,169	34,925	—	34,925
Marble and manufactures of.	G. B.	13,394	10	13,404	12,005	—	12,005	3,312	—	3,312	3,869	—	3,869	4,750	—	4,750
	U. S.	55,667	1,832	57,499	70,872	—	70,872	86,026	—	86,026	79,471	—	79,471	77,881	—	77,881
	O. C.	6,247	—	6,247	13,017	—	13,017	12,541	—	12,541	10,677	—	10,677	13,528	—	13,528
Totals - -	- -	75,308	1,842	77,150	95,894	—	95,894	101,879	—	101,879	94,017	—	94,017	96,159	—	96,159
Metals and Minerals and Manufactures of: Brass and manufactures of.	G. B.	35,125	21,030	56,155	35,550	27,005	62,555	44,122	57,016	101,138	47,099	72,845	119,944	47,231	69,801	117,032
	U. S.	267,492	173,337	440,829	291,184	240,177	531,361	364,815	331,672	696,487	404,353	378,703	783,056	389,215	381,378	770,593
	O. C.	23,175	5,327	28,502	19,953	8,790	28,743	18,319	10,242	28,561	19,430	13,465	32,895	27,234	5,401	32,635
Totals - -	- -	325,792	199,694	525,486	346,687	275,972	622,659	427,256	398,930	826,186	470,882	465,013	935,895	463,680	456,580	920,260
Copper and manufactures of.	G. B.	5,473	60,313	65,786	5,518	45,267	50,785	4,017	67,210	71,227	5,482	74,891	80,373	4,590	35,548	40,138
	U. S.	53,426	149,480	202,906	83,131	733,552	816,683	78,336	644,210	722,546	221,513	959,241	1,180,754	148,914	909,985	1,058,899
	O. C.	1,308	262	1,570	641	251	892	1,484	3,129	4,613	2,566	7,966	10,532	3,861	509	4,370
Totals - -	- -	60,207	210,055	270,262	89,290	779,070	868,860	83,837	714,549	798,386	229,561	1,042,098	1,271,659	157,365	946,042	1,103,407
Gold and silver and manufactures of.	G. B.	50,365	—	50,365	44,517	—	44,517	51,623	—	51,623	54,854	—	54,854	63,012	—	63,012
	U. S.	202,558	—	202,558	206,194	—	206,194	233,026	—	233,026	234,661	—	234,661	236,350	—	236,350
	O. C.	43,220	—	43,220	46,531	—	46,531	57,671	—	57,671	49,630	—	49,630	60,284	—	60,284
Totals - -	- -	296,143	—	296,143	297,242	—	297,242	342,320	—	342,320	339,145	—	339,145	359,646	—	359,646

TABLE III.—No. 17. STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free	Total.	Dutiable.	Free.	Total.
Metals, Minerals, &c.—*continued.*		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Iron and manufactures of—																
Agricultural implements.	G. B.	6,106	—	6,106	9,151	—	9,151	16,451	—	16,451	24,789	—	24,789	22,025	—	22,025
	U. S.	598,902	—	598,902	1,062,279	—	1,062,279	1,696,357	—	1,696,357	1,905,846	—	1,905,846	1,903,470	—	1,903,470
	O. C.	13	—	13	84	—	84	—	—	—	854	—	854	2,319	—	2,319
Totals - -	- -	605,021	—	605,021	1,071,514	—	1,071,514	1,712,808	—	1,712,808	1,931,489	—	1,931,489	1,927,814	—	1,927,814
Machines and machinery, including locomotives.	G. B.	193,750	9,226	202,976	181,338	22,063	203,401	453,728	16,308	470,036	676,203	43,720	719,923	545,809	33,202	579,011
	U. S.	1,620,770	114,239	1,735,009	2,682,871	196,741	2,879,612	2,944,914	306,396	3,251,310	4,112,847	708,608	4,821,455	4,374,801	1,532,351	5,907,152
	O. C.	36,850	5,315	42,165	9,770	3,337	13,107	15,307	11	15,318	31,854	217	32,071	39,083	5,380	44,463
Totals - -	- -	1,851,370	128,780	1,980,150	2,873,979	222,141	3,096,120	3,413,949	322,715	3,736,664	4,820,904	752,545	5,573,449	4,959,693	1,570,933	6,530,626
Other iron and steel and manufactures of.	G. B.	1,649,081	818,734	2,467,815	1,734,274	306,589	2,040,863	1,865,642	369,285	2,234,927	3,603,877	1,382,922	4,986,799	2,049,290	752,921	2,802,211
	U. S.	4,360,357	992,278	5,352,635	6,908,223	3,345,504	10,253,727	8,531,904	3,528,898	12,060,802	11,644,632	4,831,999	16,476,631	9,776,596	5,524,028	15,300,624
	O. C.	315,634	27,628	343,262	313,484	40,147	353,631	354,401	59,378	413,779	473,867	116,181	590,048	379,699	239,391	619,090
Totals - -	-	6,325,072	1,838,640	8,163,712	8,955,981	3,692,240	12,648,221	10,751,947	3,957,561	14,709,508	15,722,376	6,331,102	22,053,478	12,205,585	6,516,340	18,721,925
Lead and manufactures of.	G. B.	76,584	19,635	96,219	134,964	33,379	168,343	217,848	54,599	272,447	184,708	54,578	239,286	110,815	49,836	160,651
	U. S.	142,839	217	143,056	184,826	704	185,530	136,299	321	136,620	115,237	574	115,811	113,013	1,124	114,137
	O. C.	13,702	2,375	16,077	15,488	2,638	18,126	14,303	4,354	18,657	22,501	3,908	26,409	16,983	1,889	18,872
Totals - -	- -	233,125	22,227	255,352	335,278	36,721	371,999	368,450	59,274	427,724	322,446	59,060	381,506	240,811	52,849	293,660
Tin and manufactures of.	G. B.	6,193	881,438	887,631	8,585	1,237,349	1,245,934	10,400	994,197	1,004,597	8,750	1,804,208	1,812,958	9,190	1,538,920	1,548,110
	U. S.	66,951	256,358	323,309	69,139	191,630	260,769	79,981	247,711	327,692	88,775	387,424	476,199	108,607	493,388	601,995
	O. C.	4,042	59,126	63,168	3,214	40,934	44,148	5,120	35,404	40,524	4,217	125,081	129,298	4,405	184,599	189,004
Totals - -	- -	77,186	1,196,922	1,274,108	80,938	1,469,913	1,550,851	95,501	1,277,312	1,372,813	101,742	2,316,713	2,418,455	122,202	2,216,907	2,339,109
Zinc and manufactures of.	G. B.	857	31,592	32,479	147	48,900	49,047	896	47,931	48,827	800	45,744	46,544	133	32,391	32,524
	U. S.	4,071	26,729	30,800	5,845	26,891	32,736	8,101	33,424	41,525	8,032	57,189	65,221	5,904	69,684	75,588
	O. C.	187	33,256	33,443	971	54,095	55,066	627	60,846	61,473	773	84,520	85,293	845	59,665	60,510
Totals - -	- -	5,145	91,577	96,722	6,963	129,886	136,849	9,624	142,201	151,825	9,605	187,453	197,058	6,882	161,740	168,622

Miscellaneous metals and minerals and manufacture of.	G. B.	78,966	106,968	185,934	76,523	87,892	164,415	83,460	78,847	162,307	98,908	91,460	190,368	113,058	72,851	185,909
	U. S.	270,730	754,873	1,025,603	512,829	269,654	782,483	629,781	223,838	853,619	707,527	440,707	1,148,234	711,632	476,229	1,187,861
	O. C.	24,187	71,684	95,871	36,200	29,751	65,951	49,992	48,276	98,268	57,175	58,121	115,296	63,658	298,556	362,214
Totals - -	- -	373,883	933,525	1,307,408	625,552	387,297	1,012,849	763,233	350,961	1,114,194	863,610	590,288	1,453,898	888,348	847,636	1,735,984
Recapitulation, Metals, Minerals, and Manufacture of.	G. B.	2,102,530	1,948,936	4,051,466	2,230,567	1,808,444	4,039,011	2,748,187	1,685,393	4,433,580	4,705,470	3,570,368	8,275,838	2,965,153	2,585,470	5,550,623
	U. S.	7,588,096	2,467,511	10,055,607	12,006,521	5,004,853	17,011,374	14,703,514	5,316,470	20,019,984	19,443,423	7,764,445	27,207,868	17,768,502	9,388,167	27,156,669
	O. C.	462,318	204,973	667,291	446,336	179,943	626,279	517,224	221,640	738,864	662,867	409,459	1,072,326	598,371	795,390	1,393,761
Grand Totals -	- -	10,152,944	4,621,420	14,774,364	14,683,424	6,993,240	21,676,664	17,968,925	7,223,503	25,192,428	24,811,760	11,744,272	36,556,032	21,332,026	12,769,027	34,101,053
Musical instruments -	G. B.	6,889	—	6,889	7,071	—	7,071	11,201	—	11,201	7,284	—	7,284	9,676	—	9,676
	U. S.	181,313	—	181,313	235,816	—	235,816	261,761	—	261,761	300,688	—	300,688	308,197	—	308,197
	O. C.	73,092	—	73,092	60,442	—	60,442	92,334	—	92,334	82,435	—	82,435	94,775	—	94,775
Totals - -	- -	261,294	—	261,294	303,329	—	303,329	365,296	—	365,296	390,407	—	390,407	412,648	—	412,648
Oils: Mineral oils - -	G. B.	1,744	336	2,080	1,501	721	2,222	1,351	242	1,593	527	1,081	1,608	2,662	337	2,999
	U. S.	613,188	61	613,249	621,863	64	621,927	681,092	726	681,818	739,039	588	739,627	844,448	1,151	845,599
	O. C.	—	—	—	—	—	—	4	—	4	—	—	—	—	—	—
Totals - -	- -	614,932	397	615,329	623,364	785	624,149	682,447	968	683,415	739,566	1,669	741,235	847,110	1,488	848,598
Fish oils - -	G. B.	162	—	162	1,274	—	1,274	1,284	—	1,284	1,255	—	1,255	762	—	762
	U. S.	10,271	—	10,271	7,647	—	7,647	6,972	16	6,988	8,748	—	8,748	9,959	—	9,959
	O. C.	6,240	97,268	103,508	9,233	55,954	65,187	6,368	37,099	43,467	11,871	38,361	50,232	9,391	37,973	47,364
Totals - -	- -	16,673	97,268	113,941	18,154	55,954	74,108	14,624	37,115	51,739	21,874	38,361	60,235	20,112	37,973	58,085
Vegetable and animal oils.	G. B.	303,121	12,809	315,930	222,604	13,151	235,755	386,430	9,648	396,078	518,465	8,194	526,659	479,416	53,657	533,073
	U. S.	345,612	51,316	396,928	397,280	54,429	451,709	371,350	54,419	425,769	439,261	82,011	521,272	571,748	99,984	671,732
	O. C.	43,322	5,824	49,146	54,921	1,553	56,474	53,845	1,250	55,095	43,955	2,149	46,104	47,402	281	47,683
Totals - -	- -	692,055	69,949	762,044	674,805	69,133	743,938	811,625	65,317	876,942	1,001,681	92,354	1,094,035	1,098,566	153,922	1,252,488
Recapitulation, Oils -	G. B.	305,027	13,145	318,172	225,379	13,872	239,251	389,065	9,890	398,955	520,247	9,275	529,522	482,340	53,994	536,834
	U. S.	969,071	51,377	1,020,448	1,026,790	54,493	1,081,283	1,059,414	55,161	1,114,575	1,187,048	82,599	1,269,647	1,426,155	101,135	1,527,290
	O. C.	49,562	103,092	152,654	64,154	57,507	121,661	60,217	38,349	98,566	55,826	40,510	96,336	56,793	38,254	95,047
Grand Totals -	- -	1,323,660	167,614	1,491,274	6,323	125,872	1,442,195	1,508,696	103,400	1,612,096	1,763,121	132,384	1,895,505	1,965,788	193,383	2,159,171

TABLE III.—No. 17. STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Oil cloth - - -	G. B.	127,179	—	127,179	168,326	—	168,326	230,492	—	230,492	289,451	—	289,451	341,712	—	341,712
	U. S.	27,815	—	27,815	48,412	—	48,412	65,647	—	65,647	69,880	—	69,880	77,291	—	77,291
	O. C.	1,019	—	1,019	4,688	—	4,688	1,234	—	1,234	1,583	—	1,583	1,827	—	1,827
Totals - -	- -	156,013	—	156,013	221,426	—	221,426	297,373	—	297,373	360,914	—	360,914	420,830	—	420,830
Optical, philosophical, and mathematical instruments.	G. B.	14,571	3,530	18,101	16,880	5,636	22,516	15,733	2,987	18,720	16,346	7,201	23,547	15,712	4,099	19,811
	U. S.	101,758	10,823	112,581	143,948	13,364	157,312	166,566	24,479	191,045	196,388	17,493	213,881	174,053	21,438	195,491
	O. C.	19,354	4,573	23,927	28,613	4,993	33,606	31,842	8,201	40,043	22,756	7,849	30,605	25,227	9,218	34,445
Totals - -	- -	135,683	18,926	154,609	189,441	23,993	213,434	214,141	35,667	249,808	235,490	32,543	268,033	214,992	34,755	249,747
Packages, including post office packages.	G. B.	204,028	503	204,531	218,076	998	219,074	265,286	676	265,962	304,851	946	305,797	335,794	155	335,949
	U. S.	774,153	7,186	781,339	925,965	8,867	934,832	1,191,977	12,169	1,204,146	1,386,153	17,053	1,403,206	1,734,428	23,707	1,758,135
	O. C.	209,736	367	210,103	206,356	494	206,850	243,311	176	243,487	273,934	140	274,074	248,726	162	284,888
Totals - -	- -	1,187,917	8,056	1,195,973	1,350,397	10,359	1,360,756	1,700,574	13,021	1,713,595	1,964,938	18,139	1,983,077	2,354,948	24,024	2,378,972
Paintings, oil and water colours.	G. B.	7,090	113,546	120,636	27,219	104,474	131,693	30,629	361,896	392,525	41,263	235,978	277,241	50,115	172,341	222,456
	U. S.	43,441	179,490	222,931	91,258	34,788	126,046	118,083	155,977	274,010	138,295	101,200	239,495	148,743	232,995	381,738
	O. C.	5,825	16,359	22,184	22,799	34,567	57,366	18,599	55,120	73,719	19,852	102,339	122,191	32,844	17,247	50,091
Totals - -	- -	56,356	309,395	365,751	141,276	173,829	315,105	167,261	572,993	740,254	199,410	439,517	638,927	231,702	422,583	654,285
Paints and colours -	G B.	210,234	38,321	248,555	202,793	50,358	253,151	255,967	62,597	318,564	311,743	59,073	370,816	224,202	92,793	316,995
	U. S.	184,659	45,703	230,362	243,805	39,338	283,143	190,674	42,724	233,398	275,586	41,765	317,351	387,112	52,773	439.885
	O. C.	124,552	10,966	135,518	212,595	9,781	222,376	329,962	6,198	336,160	330,533	8,421	338,954	157,529	12,106	169,635
Totals - -	- -	519,445	94,990	614,435	659,193	99,477	758,670	776,603	111,519	888,122	917,862	109,259	1,027,121	768,843	157,672	926,515
Paper and manufactures of	G. B.	229,368	95	229,463	230,345	—	230,345	248,745	—	248,745	259,762	—	259,762	382,018	—	382,018
	U. S.	686,172	664	686,836	822,983	500	823,483	911,896	—	911,896	1,042,504	541	1,043,045	1,320,869	4	1,320,873
	O. C.	86,318	324	86,642	82,576	-28	82,604	102,723	192	102,915	105,235	167	105,402	101,037	—	101,037
Totals - -	-	1,001,858	1,083	1,002,941	1,135,904	528	1,136,432	1,263,364	192	1,263,556	1,407,501	708	1,408,209	1,803,924	4	1,803,928

Pickles, sauces, capers, &c.	G. B.	87,098	—	87,098	95,482	—	95,482	118,724	—	118,724	126,226	—	126,226	154,753	—	154,753
	U. S.	33,387	—	33,387	52,198	—	52,198	63,547	—	63,547	86,907	—	86,907	77,183	—	77,183
	O. C.	4,949	—	4,949	5,798	—	5,798	8,616	—	8,616	10,186	—	10,186	12,784	—	12,784
Totals		125,434	—	125,434	153,478	—	153,478	190,887	—	190,887	223,319	—	223,319	244,720	—	244,720
Plants and trees	G. B.	1,394	4,378	5,772	1,615	3,516	5,131	3,773	3,400	7,173	4,300	4,230	8,530	1,940	2,674	4,614
	U. S.	57,900	21,436	79,336	20,149	21,514	41,663	11,318	22,134	33,452	15,718	17,858	33,576	27,896	25,328	53,224
	O. C.	1,028	17,847	18,875	3,477	19,308	22,785	9,080	27,037	36,117	8,492	37,460	45,952	7,265	36,966	44,231
Totals		60,322	43,661	103,983	25,241	44,338	69,579	24,171	52,571	76,742	28,510	59,548	88,058	37,101	64,968	102,069
Precious stones	G. B.	9,038	281,780	290,818	14,540	227,002	241,542	17,925	237,252	255,177	32,512	339,969	372,481	23,455	397,625	421,080
	U. S.	4,439	32,238	36,677	7,963	21,695	29,658	9,746	26,226	35,972	15,647	52,067	67,714	19,883	75,639	95,522
	O. C.	17,160	181,953	199,113	21,514	114,735	136,249	16,779	154,080	170,859	14,142	175,597	189,739	34,215	214,225	248,440
Totals		30,637	495,971	526,608	44,017	363,432	407,449	44,450	417,558	462,008	62,301	567,633	629,934	77,553	687,489	765,042
Provisions	G. B.	23,913	—	23,931	47,197	—	47,197	36,842	63	36,905	58,548	—	58,548	38,993	—	38,993
	U. S.	655,140	1,457	656,597	1,415,061	1,230	1,416,291	1,618,078	3,799	1,621,877	1,795,798	1,280	1,797,078	2,254,630	2,553	2,257,183
	O. C.	22,374	—	22,374	36,316	—	36,316	51,573	—	51,573	50,677	—	50,677	49,518	—	49,518
Totals		701,427	1,457	702,884	1,498,574	1,230	1,499,804	1,706,493	3,862	1,710,355	1,905,023	1,280	1,906,303	2,343,141	2,553	2,345,694
Rags for manufacture of paper.	G. B.	—	48,614	48,614	—	144,138	144,138	—	143,995	143,995	—	119,036	119,036	—	67,748	67,748
	U. S.	—	138,398	138,398	—	171,399	171,399	—	130,046	130,046	—	169,480	169,480	—	133,075	133,075
	O. C.	—	4,685	4,685	—	23,989	23,989	—	24,520	24,520	—	18,327	18,327	—	25,101	25,101
Totals		—	191,697	191,697	—	339,526	339,526	—	298,561	298,561	—	306,843	306,843	—	225,924	225,924
Rennet	G. B.	—	637	637	—	6,141	6,141	—	516	516	—	445	445	—	1,879	1,879
	U. S.	—	36,302	36,302	—	46,899	46,899	—	46,452	46,452	—	45,686	45,686	—	50,107	50,107
	O. C.	—	7,476	7,476	—	9,938	9,938	—	8,010	8,010	—	13,573	13,573	—	16,064	16,064
Totals		—	44,415	44,415	—	62,978	62,978	—	54,978	54,978	—	59,704	59,704	—	68,050	68,050
Salt	G. B.	370	241,259	241,629	107	216,426	216,533	312	212,885	213,197	—	241,242	241,242	46	289,193	289,239
	U. S.	33,082	10,712	43,794	32,125	22,557	54,682	32,525	8,423	40,948	30,180	7,700	37,880	33,373	14,114	47,487
	O. C.	18	60,146	60,164	560	54,427	54,987	2	46,212	46,214	—	46,311	46,311	668	36,580	37,248
Totals		33,470	312,117	345,587	32,792	293,410	326,202	32,839	267,520	300,359	30,180	295,253	325,433	34,087	339,887	373,974
Seeds and roots	G. B.	11,864	34,434	46,298	9,291	32,191	41,482	7,991	26,112	34,103	10,136	108,374	118,510	6,830	70,994	77,824
	U. S.	524,974	6,014	530,988	419,144	73,919	493,063	342,116	1,073,898	1,416,014	460,415	1,279,801	1,740,216	517,047	688,388	1,205,435
	O. C.	14,362	21,308	35,670	12,657	21,168	33,825	17,752	83,352	101,104	10,291	55,643	65,934	18,272	20,696	38,968
Totals		551,200	61,756	612,956	441,092	127,278	568,370	367,859	1,183,362	1,551,221	480,842	1,443,818	1,924,660	542,149	780,078	1,322,227

TABLE III.—No 17. STATEMENT of the Values of the Principal and Other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Settlers' effects	G. B.	—	383,243	383,243	—	488,935	488,935	—	458,888	458,888	—	657,344	657,344	—	801,538	801,538
	U. S	—	1,803,275	1,803,275	—	2,324,457	2,324,457	—	2,183,861	2,183,861	—	2,385,724	2,385,724	—	2,915,603	2,915,603
	O.C	—	47,212	47,212	—	15,283	15,283	—	163,207	163,207	—	22,342	22,342	—	23,489	23,489
Totals		—	2,233,730	2,233,730	—	2,828,675	2,828,675	—	2,805,956	2,805,956	—	3,065,410	3,065,410	—	3,740,630	3,740,630
Silk and Manufactures of:																
Clothing, N.O.P.	G. B.	207,395	—	207,395	178,474	—	178,474	172,180	—	172,180	157,620	—	157,620	135,018	—	135,018
	U. S.	14,763	—	14,763	23,937	—	23,937	38,199	—	38,199	42,842	—	42,842	65,741	—	65,741
	O. C.	30,340	—	30,340	27,406	—	27,406	33,856	—	33,856	43,656	—	43,656	43,902	—	43,902
Totals		252,498	—	252,498	229,817	—	229,817	244,235	—	244,235	244,118	—	244,118	244,661	—	244,661
Dress and piece goods	G. B.	514,843	—	514,843	761,899	—	761,899	1,040,489	—	1,040,489	1,325,017	—	1,325,017	1,308,068	—	1,308,068
	U. S.	52,778	—	52,778	78,485	—	78,485	120,960	—	120,960	120,067	—	120,067	105,640	—	105,640
	O. C.	198,260	—	198,260	476,341	—	476,341	944,933	—	944,933	980,765	—	980,765	946,045	—	946,045
Totals		765,881	—	765,881	1,316,725	—	1,316,725	2,106,382	—	2,106,382	2,425,849	—	2,425,849	2,359,753	—	2,359,753
Handkerchiefs	G. B.	32,425	—	32,425	30,426	—	30,426	31,834	—	31,834	41,796	—	41,796	42,261	—	42,261
	U. S.	1,934	—	1,934	870	—	870	861	—	861	2,938	—	2,938	912	—	912
	O. C.	47,319	—	47,319	37,746	—	37,746	57,159	—	57,159	59,258	—	59,258	73,142	—	73,142
Totals		81,678	—	81,678	69,042	—	69,042	89,854	—	89,854	103,992	—	103,992	116,315	—	116,315
Ribbons	G. B.	351,723	—	351,723	423,157	—	423,157	496,048	—	496,048	448,044	—	448,044	376,112	—	376,112
	U. S.	38,551	—	38,551	44,964	—	44,964	34,585	—	34,585	28,408	—	28,408	34,156	—	34,156
	O. C.	111,963	—	111,963	184,644	—	184,644	313,957	—	313,957	220,315	—	220,315	206,929	—	206,929
Totals		502,237	—	502,237	652,765	—	652,765	844,590	—	844,590	696,767	—	696,767	617,197	—	617,197
All other	G. B.	289,629	785	290,414	259 842	135	259,977	321,877	647	322,524	270,578	—	270,578	245,573	36	245,609
	U S.	42,748	150,425	193,173	49,408	240,207	289,615	51,206	276,889	328,095	65,825	289,725	355,550	49,305	277,199	326,504
	O. C.	53,634	276	53,910	72,915	1,542	74,457	119,002	1,496	120,498	75,007	1,428	76,435	93,219	286	93,505
Totals		386,011	151,486	537,497	382,165	241,884	624,049	492,085	279,032	771,117	411.410	291,153	702,563	388,097	277,521	665,618

Recapitulation, Silk and Manufactures of.	G. B.	1,396,015	785	1,396,800	1,653,798	135	1,653,933	2,062,428	647	2,063,075	2,243,055	—	2,243,055	2,107,032	36	2,107,068
	U. S.	150,774	150,425	301,199	197,664	240,207	437,871	245,811	276,889	522,700	260,080	289,725	549,805	255,754	277,199	532,953
	O. C.	441,516	276	441,792	799,052	1,542	800,594	1,468,907	1,496	1,470,403	1,379,001	1,428	1,380,429	1,363,237	286	1,363,523
Grand Totals - -		1,988,305	151,486	2,139,791	2,650,514	241,884	2,892,398	3,777,146	279,032	4,056,178	3,882,136	291,153	4,173,289	3,726,023	277,521	4,003,544
Soap, all kinds - -	G. B.	106,345	—	106,345	120,550	—	120,550	188,068	—	188,068	230,131	—	230,131	124,430	—	124,430
	U. S.	131,120	—	131,120	141,586	—	141,586	165,777	—	165,777	179,604	—	179,604	204,977	—	204,977
	O. C.	24,664	—	24,664	25,886	—	25,886	30,329	—	30,329	36,400	—	36,400	35,306	—	35,306
Totals - -	- -	262,129	—	262,129	288,002	—	288,022	384,174	—	384,174	446,135	—	446,135	364,713	—	364,713
Spices - -	G. B.	87,292	—	87,292	83,146	—	83,146	90,688	—	90,688	114,348	—	114,348	135,264	—	135,264
	U. S.	54,135	—	54,135	94,236	—	94,236	76,013	—	76,013	79,043	—	79,043	62,914	—	62,914
	O. C.	9,019	—	9,019	13,561	—	13,561	24,798	—	24,798	17,127	—	17,127	30,727	—	30,727
Totals - -	- -	150,446	—	150,446	190,943	—	190,943	191,499	—	191,499	210,518	—	210,518	228,905	—	228,905
Spirits and wines -	G. B.	444,319	—	444,319	504,348	—	504,348	618,240	—	618,240	697,255	—	697,255	782,415	—	782,415
	U. S.	41,033	—	41,033	40,340	—	40,340	52,017	—	52,017	48,287	—	48,287	50,062	—	50,062
	O. C.	821,370	—	821,370	767,558	—	767,558	894,702	—	894,702	996,169	—	996,169	1,089,041	—	1,089,041
Totals - -	- -	1,306,722	—	1,306,722	1,312,246	—	1,312,246	1,564,959	—	1,564,959	1,741,711	—	1,741,711	1,921,518	—	1,921,518
Starch - -	G. B.	20,973	—	20,973	19,573	—	19,573	22,542		22,542	20,545	—	20,545	20,939	—	20,939
	U. S.	44,186	—	44,186	54,909	—	54,909	55,748	—	55,748	50,151	—	50,151	40,364	—	40,364
	O. C.	1,432	—	1,432	780	—	780	1,197	--	1,197	2,071	—	2,071	2,640	—	2,640
Totals - -	- -	66,591	—	66,591	75,262	—	75,262	79,487	—	79,487	72,767	—	72,767	63,943	—	63,943
Stone and manufactures of	G. B.	35,465	1,896	37,361	31,397	2,896	34,293	48,470	1,199	49,669	46,341	855	47,196	50,558	2,786	53,344
	U. S.	77,689	31,984	109,673	77,651	51,097	128,748	105,407	46,190	151,597	132,153	55,626	187,779	129,762	49,537	179,299
	O. C.	3,764	4,326	8,090	3,867	6,825	10,692	1,929	5,310	7,239	2,590	2,461	5,051	2,477	7,904	10,381
Totals - -	- -	116,918	38,206	155,124	112,915	60,818	173,733	155,806	52,699	208,505	181,084	58,942	240,026	182,797	60,227	243,024
Sugar, molasses, &c.	G. B.	56,859	—	56,859	200,665	--	200,635	233,399	—	233,399	163,251	—	163,251	643,185	--	643,185
	U. S.	975,492	34	975,526	738,364	28	738,392	862,240	11	862,251	1,708,338	659	1,708,997	988,538	349	988,887
	O. C.	7,393,523	134,916	7,528,439	4,666,762		4,666,762	5,700,166	—	5,700,166	6,731,532	1,270	6,732,802	7,684,460	—	7,684,460
Totals - -	- -	8,425,874	134,950	8,560,824	5,605,791	28	5,605,819	6,795,805	11	6,795,816	8,603,121	1,929	8,605,050	9,316,183	349	9,316,532

TABLE III.—No. 17. STATEMENT of the Values of the Principal and other Articles entered for Consumption in Canada, &c.—*continued.*

ARTICLES.	Countries.	Value, 1897.			Value, 1898.			Value, 1899.			Value, 1900.			Value, 1901.		
		Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.
		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Tea - - -	G. B.	2,141	1,136,536	1,138,677	1,583	665,649	667,232	1,636	786,737	788,373	904	747,432	748,336	2,554	685,445	687,999
	U. S.	39,394	—	39,394	58,957	17	58,974	142,216	—	142,216	38,660	—	38,660	20,752	—	20,752
	O. C.	455	2,131,832	2,132,287	450	1,994,533	1,994,983	22	2,581,117	2,581,139	60	2,816,971	2,817,031	310	2,467,734	2,468,044
Totals - -	- -	41,990	3,268,368	3,310,358	60,990	2,660,199	2,721,189	143,874	3,367,854	3,511,728	39,624	3,564,403	3,604,027	23,616	3,153,179	3,176,795
Tobacco and manufactures of.	G. B.	20,244	2,032	22,276	30,679	—	30,679	47,820	1,056	48,876	61,040	—	61,040	71,356	1,708	73,064
	U. S.	31,279	2,030,568	2,061,847	498,131	1,224	499,355	69,481	1,878,725	1,948,206	98,232	1,500,672	1,598,904	72,395	1,720,589	1,792,984
	O. C.	231,156	20,241	251,397	154,981	—	154,981	168,835	4,659	173,494	237,417	7,438	244,855	290,399	2,329	292,728
Totals - -	- -	282,679	2,052,841	2,335,520	683,791	1,224	685,015	286,136	1,884,440	2,170,576	396,689	1,508,110	1,904,799	434,150	1,724,626	2,158,776
Turpentine - -	G. B.	16	—	16	9,173	2	9,175	29	—	29	15	—	15	240	20	260
	U. S.	153,465	—	153,465	202,027	73	202,100	229,254	564	229,818	359,794	351	360,145	308,251	443	308,694
	O. C.	2	—	2	16	—	16	—	—	—	3	—	3	4	—	4
Totals - -	- -	153,483	—	153,483	211,216	75	211,291	229,283	564	229,847	359,812	351	360,163	308,495	463	308,958
Umbrellas, parasols, sunshades, &c.	G. B.	101,736	—	101,736	107,084	—	107,084	120,550	—	120,550	100,230	—	100,230	67,183	—	67,183
	U. S.	3,891	—	3,891	3,904	—	3,904	6,467	—	6,467	5,301	—	5,301	8,297	—	8,297
	O. C.	6,102	—	6,102	5,919	—	5,919	4,228	—	4,228	3,114	—	3,114	5,185	—	5,185
Totals - -	- -	111,729	—	111,729	116,907	—	116,907	131,245	—	131,245	108,645	—	108,645	80,665	—	80,665
Varnish, japans, &c. -	G. B.	24,910	175	25,085	23,550	154	23,704	31,039	48	31,087	25,587	127	25,714	36,166	25	36,191
	U. S.	35,457	374	35,831	50,495	154	50,649	54,382	237	54,619	59,313	294	59,607	80,755	326	81,081
	O. C.	354	—	354	246	—	246	144	—	144	281	—	281	203	—	203
Totals - -	- -	60,721	549	61,270	74,291	308	74,599	85,565	285	85,850	85,181	421	85,602	117,124	351	117,475
Vegetables - -	G. B.	19,063	—	19,063	23,655	—	23,655	16,434	—	16,434	19,705	—	19,705	31,081	—	31,081
	U. S.	171,846	—	171,846	232,454	—	232,454	275,318	—	275,318	329,925	—	329,925	370,419	—	370,419
	O. C.	30,172	—	30,172	33,188	—	33,188	43,434	—	43,434	52,800	—	52,800	39,639	—	39,639
Totals - -	- -	221,081	—	221,081	289,297	—	289,297	335,186	—	335,186	402,430	—	402,430	441,139	—	441,139

Watches and parts of -	G. B.	5,997	—	5,997	6,636	—	6,636	13,947	—	13,947	8,784	—	8,784	10,541	—	10,541
	U. S.	418,380	—	418,380	392,321	—	392,321	348,259	—	348,259	406,633	—	406,633	511,019	—	511,019
	O. C.	33,607	—	33,607	51,823	—	51,823	65,049	—	65,049	84,601	—	84,601	102,385	—	102,385
Totals - -	- -	457,984	—	457,984	450,780	—	450,780	427,255	—	427,255	500,018	—	500,018	623,945	—	623,945
Wood and manufactures of.	G. B.	70,286	11,677	81,963	53,090	5,847	58,937	51,982	1,177	53,159	76,781	10,664	87,445	74,425	15,528	89,953
	U. S.	808,159	2,036,576	2,844,735	824,318	2,535,786	3,360,104	983,738	2,919,433	3,903,171	1,200,025	3,606,549	4,806,574	1,229,065	3,481,338	4,710,403
	O. C.	71,276	1,930	73,206	75,222	1,945	77,167	105,116	8,998	114,114	95,598	6,826	102,424	123,967	12,749	136,716
Totals - -	- -	949,721	2,050,183	2,999,904	952,630	2,543,578	3,496,208	1,140,836	2,929,608	4,070,444	1,372,404	3,624,039	4,996,443	1,427,457	3,509,615	4,937,072
Wool and manufactures of.	G. B.	5,576,859	231,470	5,808,329	6,221,836	1,232,265	7,454,101	7,686,366	755,680	8,442,046	7,787,929	904,194	8,692,123	8,061,459	645,351	8,706,810
	U. S.	218,396	528,238	746,634	252,242	323,033	575,275	428,631	520,684	949,315	359,986	449,892	809,878	370,453	424,497	794,950
	O. C.	1,330,493	170,837	1,501,330	1,511,788	463,793	1,975,581	1,688,206	229,663	1,917,869	1,653,650	400,626	2,054,276	1,512,193	343,496	1,855,689
Totals - -	- -	7,125,748	930,545	8,056,293	7,985,866	2,019,091	10,004,957	9,803,203	1,506,027	11,309,230	9,801,565	1,754,712	11,556,277	9,944,105	1,413,344	11,357,449
All other goods - -	G. B.	364,086	139,866	503,952	458,662	173,997	632,659	582,881	204,259	787,140	625,625	263,578	888,603	749,572	135,647	885,219
	U. S.	843,957	402,170	1,246,127	1,278,715	451,366	1,730,081	1,548,429	545,010	2,093,439	2,054,409	771,709	2,826,118	1,896,949	972,959	2,869,908
	O. C.	301,618	27,324	328,942	361,453	35,901	397,354	436,416	48,701	485,117	451,380	45,199	496,579	528,063	75,969	604,032
Totals - -	- -	1,509,661	569,360	2,079,021	2,098,830	661,264	2,760,094	2,567,726	797,970	3,365,696	3,130,814	1,080,486	4,211,300	3,174,584	1,184,575	4,359,159
Values of total imports of merchandise.	G. B.	20,217,422	9,183,766	29,401,188	22,556,479	9,486,982	32,043,461	27,521,508	9,409,815	36,931,323	31,561,756	12,718,227	44,279,983	31,701,654	11,118,341	42,819,995
	U. S.	30,482,509	26,540,833	57,023,342	38,063,960	36,760,963	74,824,923	44,471,824	43,995,349	88,467,173	53,897,561	48,182,616	102,080,177	53,600,278	53,549,047	107,149,325
	O. C.	15,520,834	4,672,463	20,193,297	14,004,649	5,434,129	19,438,778	17,439,840	6,508,123	23,947,963	18,887,478	7,259,240	26,146,718	20,667,824	7,063,550	27,731,374
Totals - -	- -	66,220,765	40,397,062	106,617,827	74,625,088	51,682,074	126,307,162	89,433,172	59,913,287	149,346,459	104,346,795	68,160,083	172,506,878	105,969,756	71,730,938	177,700,694
Coin and bullion - -	G. B.	—	11,000	11,000	—	457,456	457,456	—	128,800	128,800	—	509,747	509,747	—	198,169	198,169
	U. S.	—	4,625,699	4,625,699	—	3,880,667	3,880,667	—	4,539,993	4,539,993	—	7,764,201	7,764,201	—	3,335,683	3,335,683
	O. C.	—	39,495	39,495	—	52,721	52,721	—	36,341	36,341	—	23,490	23,490	—	3,442	3,442
Totals - -	- -	—	4,676,194	4,676,194	—	4,390,844	4,390,844	—	4,705,134	4,705,134	—	8,297,438	8,297,438	—	3,537,294	3,537,294
Recapitulation—Value of total imports entered for consumption, including coin and bullion.	G. B.	20,217,422	9,194,766	29,412,188	22,556,479	9,944,438	32,500,917	27,521,508	9,538,615	37,060,123	31,561,756	13,227,974	44,789,730	31,701,654	11,316,510	43,018,164
	U. S.	30,482,509	31,166,532	61,649,041	38,063,960	40,641,630	78,705,590	44,471,824	48,535,342	93,007,166	53,897,561	55,946,817	109,844,378	53,600,278	56,884,730	110,485,008
	O. C.	15,520,834	4,711,958	20,232,792	14,004,649	5,486,850	19,491,499	17,439,840	6,544,464	23,984,304	18,887,478	7,282,730	26,170,208	20,667,824	7,066,992	27,734,816
Grand Totals -	- -	66,220,765	45,073,256	111,294,021	74,625,088	56,072,918	130,698,006	89,433,172	64,618,421	154,051,593	104,346,795	76,457,521	180,804,316	105,969,756	75,268,232	181,237,988

TABLE IV.

VALUE of EXPORTS of various Classes of Goods to the United Kingdom, the United States, and to "Other Countries," during each of the Years ended 30th June 1897 to 1901.

NOTE.—Conversions of dollars into £ sterling have been made at the rate of 4*s.* $1\frac{2}{73}$*d.* per dollar.

	Years ended 30th June.				
	1897.	1898.	1899.	1900.	1901.
	$	$	$	$	$
Products of the mines:					
United Kingdom	356,169	215,402	154,216	193,851	882,274
United States	10,774,239	14,052,237	12,871,696	23,878,781	38,501,207
Other countries	419,679	426,415	542,673	705,707	1,147,833
Total	11,550,087	14,694,054	13,568,585	24,778,339	40,531,314
Products of the fisheries:					
United Kingdom	4,371,937	4,824,270	3,612,567	4,075,226	3,113,376
United States	3,068,241	2,993,295	3,194,895	3,707,294	4,230,533
Other countries	3,128,910	3,156,412	3,143,842	3,442,346	3,387,090
Total	10,569,088	10,973,977	9,951,304	11,224,866	10,730,999
Products of the forest:					
United Kingdom	14,224,927	16,167,610	15,857,460	15,334,091	15,912,474
United States	15,442,768	9,337,587	9,934,059	12,818,389	12,205,764
Other countries	1,764,599	1,537,875	2,322,776	1,801,609	2,157,942
Total	31,432,294	27,043,072	28,114,295	29,954,089	30,276,180
Animals and animal produce:					
United Kingdom	34,373,936	41,159,670	42,582,490	50,812,612	49,686,767
United States	5,393,929	4,572,804	4,903,766	5,520,534	5,618,606
Other countries	600,395	403,664	538,558	963,521	993,909
Total	40,368,260	46,136,138	48,024,814	57,296,667	56,299,282
Agricultural products:					
United Kingdom	20,058,758	37,549,818	31,144,302	31,496,668	28,840,253
United States	3,019,734	1,330,619	1,374,436	2,227,548	3,210,827
Other countries	2,615,775	4,847,342	4,883,176	4,745,745	6,516,972
Total	25,694,267	43,727,779	37,401,914	38,469,961	38,568,052
Manufactures:					
United Kingdom	3,733,791	5,016,993	5,606,015	5,741,905	6,859,123
United States	3,762,749	3,796,940	4,017,526	5,954,130	6,350,619
Other countries	2,803,804	3,056,918	3,200,431	3,815,546	4,541,762
Total	10,300,344	11,870,851	12,823,972	15,511,581	17,751,504
Miscellaneous articles:					
United Kingdom	107,984	65,055	129,931	81,615	34,689
United States	472,132	371,025	266,462	394,718	289,439
Other countries	16,117	19,864	40,073	64,208	27,838
Total	596,233	455,944	436,466	540,541	351,966

TABLE IV.—Value of Exports, &c.—*continued.*

	Years ended 30th June.				
	1897.	1898.	1899.	1900.	1901.
Coin and bullion:	$	$	$	$	$
United Kingdom	—	39	4,874	400	—
United States	3,492,550	4,620,441	4,011,151	8,656,118	1,975,235
Other countries	—	2,658	—	650	3,100
Total	3,492,550	4,623,138	4,016,025	8,657,168	1,978,335
Estimated amount short returned at inland ports and exported to the United States.	3,947,130	4,627,730	4,559,530	5,461,511	—*
Total:					
United Kingdom $	77,227,502	104,998,857	99,091,855	107,736,368	105,328,956
United Kingdom £	15,868,665	21,575,108	20,361,340	22,137,610	21,642,936
United States $	49,373,472	45,702,678	45,133,521	68,619,023	72,382,230
United States £	10,145,234	9,390,961	9,274,011	14,099,799	14,873,061
Other countries $	11,349,279	13,451,148	14,671,529	15,539,332	18,776,446
Other countries £	2,332,043	2,763,934	3,014,698	3,193,014	3,858,174
Grand totals $	137,950,253	164,152,683	158,896,905	191,894,723	196,487,632
Grand totals £	28,345,942	33,730,003	32,650,049	39,430,423	40,374,171

* After 1899–1900 no estimate was made of the amount short reported in exports to United States.

TABLE V.

Statement of the Canadian Duties on (1) Foreign and (2) United Kingdom Goods of the Class we send to Canada, showing in each Case the difference between the Duty on Foreign Goods and on our Goods.

Articles.	Customs Duties.		
	Rates under the General Tariff.	Rates under the British Preferential Tariff.	Difference in favour of British Goods.
Carpets:			
Brussels - Ad. val.	35 per cent.	23⅓ per cent.	11⅔ per cent.
Tapestry - - - „	35 „	23⅓ „	11⅔ „
Cement, Portland - Per 100 lbs.	12½ cents.	8⅓ cents.	4⅙ cents.
Clothing, made waterproof with india rubber - Ad. val.	35 per cent.	23⅓ per cent.	11⅔ per cent.
Cotton Manufactures:			
Sewing and crochet thread:			
In hanks, 3 and 6 cord „	15 „	10 „	5 „
Other kinds - - „	25 „	16⅔ „	8⅓ „
Curtains - - - „	35 „	23⅓ „	11⅔ „
Fabrics:			
Gray, unbleached - „	25 „	16⅔ „	8⅓ „
White or bleached - „	25 „	16⅔ „	8⅓ „
Printed, dyed, or coloured - - „	35 „	23⅓ „	11⅔ „
Handkerchiefs - - „	35 „	23⅓ „	11⅔ „
Velvets and velveteens - „	30 „	20 „	10 „
Cutlery - - - - „	30 „	20 „	10 „
Earthen and China Ware:			
White granite or ironstone ware, C.C. or cream-coloured ware - „	30 „	20 „	10 „
China and porcelain ware „	30 „	20 „	10 „
Earthenware tiles - „	35 „	23⅓ „	11⅔ „
Other manufactures - „	30 „	20 „	10 „
Fancy Goods:			
Braids, fringes, tassels, &c. „	35 „	23⅓ „	11⅔ „
Laces, lace collars, lace nets, and nettings - „	35 „	23⅓ „	11⅔ „
Fur skins, wholly or partially dressed - - „	15 „	10 „	5 „

TABLE V.—STATEMENT of the Canadian Duties, &c.—*continued.*

ARTICLES.		Customs Duties.		
		Rates under the General Tariff.	Rates under the British Preferential Tariff.	Difference in favour of British Goods.
Glass, common or window -	Ad. val.	20 per cent.	13⅓ per cent.	6⅔ per cent.
Gloves and mitts of all kinds	„	35 „	23⅓ „	11⅔ „
Glycerine:				
If imported for the use of explosive manufacturers in their own factories -	„	10 „	6⅔ „	3⅓ „
Otherwise - -	„	20 „	13⅓ „	6⅔ „
Hats:				
Beaver, silk and felt -	„	30 „	20 „	10 „
Straw - - -	„	30 „	20 „	10 „
Hemp, Flax, and Jute Manufactures:				
Bags and sacks -	„	20 „	13⅓ „	6⅔ „
Carpeting, rugs, or matting - - -	„	25 „	16⅔ „	8⅓ „
Damask of linen, stair linen, diaper, napkins, and other like articles of linen - - -	„	30 „	20 „	10 „
Handkerchiefs -	„	35 „	23⅓ „	11⅔ „
Towels - -	„	30 „	20 „	10 „
Linen, duck, canvas, huckabacks, and other linen manufactures -	„	25 „	16⅔ „	8⅓ „
Linen thread - -	„	25 „	16⅔ „	8⅓ „
Jute cloth:				
Not otherwise finished than calendered or blended - -	„	10	6⅔ „	3⅓ „
Not calendered or finished in any way - -	„	Free.	Free.	—
Metals:				
Iron or steel:				
Canada plates, galvanized sheets and rolled sheets of iron, coated with zinc or other metal	„	5 per cent.	3⅓ per cent.	1⅔ per cent.
Tin plates and sheets -		Free.	Free.	—
Tin, in blocks, pigs, or bars - -		Free.	Free.	—
Mustard, ground - -	Ad. val.	25 per cent.	16⅔ per cent.	8⅓ per cent.
Oil, linseed (raw or boiled)	„	25 „	16⅔ „	8⅓ „
Oilcloth and linoleum -	„	30 „	20 „	10 „
Pickle and sauces - -	„	35 „	23⅓ „	11⅔ „
Salt:				
If for the Gulf or Sea Fisheries -		Free.	Free.	—
Otherwise:				
In bulk - -	Per 100 lbs.	5 cents.	Free.	The whole duty.
Silk Manufactures:				
Fabrics, velvets, and velveteens - -	Ad. val.	30 per cent.	20 per cent.	10 per cent.
Clothing - - -	„	35 „	23⅓ „	11⅔ „
Soap, common or laundry -	Per lb.	1 cent.	⅔ cent.	⅓ cent.
Spirits—whiskey -	Per proof gall.	$2 40 cents.	$2 40 cents.	—
Tobacco pipes - -	Ad. val.	35 per cent.	23⅓ per cent.	11⅔ per cent.
Umbrellas, parasols, and sunshades - -	„	35 „	23⅓ „	11⅔ „
Woollen manufactures:				
Yarns:				
Costing 30 cents per lb. and over, imported on the cop. tube or in hank by woollen manufacturers for use in their factories	„	20 „	13⅓ „	6⅔ „
Other kinds - -	„	30 „	20 „	10 „
Cloths and coatings, and tweeds -	„	35 „	23⅓ „	11⅔ „
Shawls - -	„	30 „	20 „	10 „
Ready-made clothing, flannels, hosiery, blankets and other manufactures	„	35 „	23⅓ „	11⅔ „

TABLE VI.

The following are the Principal Articles of British Production of which practically nothing is sent from this country to Canada, and in which there appears to be some reason to attribute the absence of exports either to the protective tariff or to United States competition :—

Articles.	Customs Duties.		
	Rates under the General Tariff.	Rates under the British Preferential Tariff.	Difference in favour of British Goods.
Agricultural implements - Ad. val.	20 per cent. to 35 per cent.	13⅓ per cent. to 23⅓ per cent.	6⅔ per cent. to 11⅔ per cent.
Bicycles - - - „	30 per cent.	20 per cent.	10 per cent.
Clocks and watches - „	25 „	16⅔ „	8⅓ „
Watch cases - - „	30 „	20 „	10 „
„ actions and movements - „	10 „	6⅔ „	3⅓ „
Coal : Bituminous-Per ton of 2,000 lbs.	53 cents.	35⅓ cents.	17⅔ cents.
Electrical apparatus - Ad. val.	25 per cent.	16⅔ per cent.	8⅓ per cent.
Household furniture - „	30 „	20 „	10 „
Iron and steel :			
Pig iron - Per ton of 2,000 lbs.	$2 50 cents.	$1 66⅔ cents.	83⅓ cents.
Machinery (except mining) Ad. val.	25 per cent.	16⅔ per cent.	8⅓ per cent.
Wire, single or covered with cotton, linen, silk, rubber, &c. - - „	30 „	20 per cent.	10 „
Other manufactures - „	Various (principally 30 per cent.).	Various (principally 20 per cent.).	—
Jewellery - - „	30 „	20 „	10 per cent.
Leather :			
Sole and upper - - „	15 „	10 „	5 „
Boots and shoes - - „	25 „	16⅔ „	8⅓ „
Musical instruments :			
Organs - - - „	30 „	20 „	10 „
Pianos - - - „	30 „	20 „	10 „
Paper :			
Wall or hanging - „	35 „	23⅓ „	11⅔ „
Printing - - - „	25 „	16⅔ „	8⅓ „
Other manufactures - „	Various (mostly 25 and 35 per cent.).	Various (mostly 16⅔ and 23⅓ per cent.).	—
Proprietary medicines :			
In liquid form containing alcohol - - „	50 „	33⅓ per cent.	16⅔ per cent.
Other kinds - -	25 „	16⅔ „	8⅓ „
Railway materials :			
Cars for passengers - „	30 „	20 „	10 „
Railway bars or rails of any kind	30 „	20 „	10 „
Railway fish and tie plates - Per ton of 2,000 lbs.	$8	$5 33⅓ cents.	$2 66⅔ cents.
Seeds :			
Garden, field, and other seeds for agricultural or other purposes, when in bulk or in large parcels - Ad. val.	10 per cent.	6⅔ per cent.	3⅓ cents.

APPENDIX IX.

Canadian Memorandum respecting the operation of the Preferential Tariff.

On the 23rd April 1897 the Canadian Government promulgated a Reciprocal Tariff providing for a reduction of duty on British goods of one eighth from the General Tariff rates; such reduction of one-eighth to be in operation from the 23rd April 1897 until the 30th day of June 1898; it was also provided that the reduction would be increased to one fourth on and after the 1st day of July 1898. It was a provision of this Reciprocal Tariff that the reduction in duty would apply to any country the Customs Tariff of which admitted the products of Canada on terms which were, on the whole, as favourable to Canada as the terms of the Reciprocal Tariff were to the countries to which it might apply. The belief and expectation of the Canadian Government were that the reduced rates would only apply to Great Britain, and perhaps one or two of the British Colonies, but it was realised that, possibly, under the operation of the British Treaties with Belgium and Germany, these two foreign countries and others might have to be admitted to the benefits of the preference. The Law Officers of the Crown subsequently gave an opinion that these Treaties applied; as a result of this the benefits of the Reciprocal Tariff were extended to Belgium, Germany, France, Spain, and many other countries.

The Treaties between Great Britain and Belgium and Germany were later denounced, and expired at the end of July 1898.

On the 1st of August of 1898 the Reciprocal Tariff was repealed and superseded by the British Preferential Tariff, which provided for a reduction of one fourth of the General Tariff rates of duty on all goods, except wines, malt liquors, spirits, spirituous liquors, tobaccos, cigars and cigarettes, imported from the United Kingdom, the British Colony of Bermuda, the British Colonies commonly called the British West Indies, including the following:—The Bahamas, Jamaica, Turks and Caicos Islands, the Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands); the Windward Islands (Grenada, St. Vincent, and St. Lucia); Barbados; Trinidad and Tobago; British Guiana; any other British Colony or Possession the Customs Tariff of which is, on the whole, as favourable to Canada as the British Preferential Tariff herein referred to is to such Colony or Possession.

It was provided, however, that manufactured articles to be admitted under such Preferential Tariff should be *bonâ fide* manufactures of a country or countries entitled to the benefits of such tariff, and that such benefits would not extend to the importation of articles into the production of which there had not entered a substantial portion of the labour of such countries. By regulation it was determined that 25 per cent. of the completed cost of manufactured articles must represent British labour in order to entitle the articles to come under the Preference.

By Order in Council of 14th July 1898, the following British Colonies were added to the list of countries entitled to the benefits of the Preferential Tariff:—

British India;
Ceylon;
New South Wales;
Straits Settlements.

On the 1st July 1900 the Preferential reduction was increased from one fourth to one third.

It is respectfully submitted that the Preference has arrested the decline in the volume of British imports into Canada, and given a stimulus to the trade, as a result of which increased sales have been made.

For some years prior to the adoption of the preference the imports into Canada from Great Britain steadily declined as the following figures show :—

IMPORTS FOR HOME CONSUMPTION FROM GREAT BRITAIN.

Year.	Dutiable.	Total.
	$	$
1887 - -	35,766,273	44,962,233
1890 - -	33,267,721	43,390,241
1893 - -	31,869,267	43,148,413
1897 - -	20,217,422	29,412,188

The decrease in total *British* imports between the years 1893 and 1897 was at the rate of 32 per cent.; in dutiable goods alone the decline was 36 per cent.

During that period the total volume of imports entered for consumption declined only 9 per cent.; dutiable alone declined 5 per cent.

The total imports from the *United States* increased by 6 per cent.; dutiable increased by 7 per cent.

From *Other Countries* the total imports did not vary much for this period but the dutiable alone increased by 64 per cent.

Taking the period from 1890 to 1897 the total *British* imports into Canada declined at the rate of 32 per cent., while that of the *United States*, and *All Other Countries* increased by 18 per cent. The total volume of imports from *All Countries* for this period did not vary very much, there being a decline of only 1 per cent.

To further demonstrate the decline in *Britain's* trade the following figures are cited :—

Year.	Proportion of Dutiable Imports from Great Britain to Total Dutiable.	Proportion Dutiable and Free from Great Britain to Total Dutiable and Free (exclusive of Coin and Bullion).
	Per Cent.	Per Cent.
1893 - -	45·61	36·92
1897 - -	30·53	27·58

The preference went into operation on the 23rd April 1897, two months before the close of the fiscal year 1896–97. In view of the fact that a considerable length of time is necessary to disseminate information as to radical changes of such nature, and to secure compliance with the authorised regulations thereunder, it is not probable that the preference had much effect upon the trade operations of the fiscal year 1896–97, which closed June 30th, 1897. For comparative purposes, therefore, it seems fair to consider that year as the last prior to the preference.

It will be seen, then, from the following figures that, since the preference went into operation, there has been a steady and substantial increase of British imports to Canada.

IMPORTS ENTERED FOR CONSUMPTION FROM GREAT BRITAIN FOR THE YEARS 1897 TO 1901.

Year.	Dutiable.	Free.	Total.
	$	$	$
1897 - - - -	20,217,422	9,194,766	29,412,188
1898 - - - -	22,556,479	9,944,438	32,500,917
1899 - - - -	27,521,508	9,538,615	37,060,123
1900 - - - -	31,561,756	13,227,974	44,789,730
1901 - - - -	31,701,654	11,316,510	43,018,164

Comparing 1901 with 1897 there was an increase in British dutiable goods of 56 per cent.; free, 23 per cent.; and for the total, an increase of 46 per cent.

From the UNITED STATES for the same period there were increases as follows:—

Dutiable - - - -	75 per cent.
Free - - - -	82 „
Total - -	79 „

From BRITISH COLONIES enjoying the preference the increases were thus:—

Dutiable - - - -	53 per cent.
Free - - - -	106 „
Total - -	73 „

The Imports from ALL COUNTRIES other than those mentioned increased at the following rates:—

Dutiable - - - -	32 per cent.
Free - - - -	41 „
Total - -	33 „

The Total Volume of Imports from ALL COUNTRIES increased in these ratios:—

Dutiable - - - -	60 per cent.
Free - - - -	67 „
Total - -	63 „

Attached hereto is a statement marked A showing the values of imports for the years 1897 and 1901, as regards total volume, *Great Britain*, *United States*, and *Other Countries*.

It will be noticed that the total dutiable imports increased in 1901 over 1897 by 60 per cent.—and that the same class of imports from *Great Britain*, increased in practically the same proportion—the actual rate of increase being 56 per cent. When this is compared with the period from 1893 to 1897, when *British* dutiable imports decreased by 36 per cent., while those from the *United States* increased by 7 per cent., and from *All Other Countries* by 64 per cent., the showing is a gratifying one; and it is submitted it proves that the Canadian Preferential Tariff not only arrested the decline of British Trade but stimulated it.

Eighty-two per cent. of the dutiable goods entered for consumption last year (1901) from *Great Britain* came under the preference.

Particular attention should be directed to the fact that while British dutiable imports increased by 56 per cent. from 1897 to 1901, the increase in similar imports from all countries (exclusive of the United States), not enjoying the preference, was at the rate of only 32 per cent.

Hereto attached, marked B, is a statement showing the principal increases from 1897 to 1901 in British Imports.

In paragraph No. 11 of the Memorandum styled "Effect of the Canadian Preferential Tariff on Trade between the United Kingdom and Canada," prepared in the Colonial Office, it is stated that a comparison of the percentages of the total import trade of Canada which came from the United Kingdom before and after the introduction of the Preferential Tariff respectively, shows that the continuous decrease in the proportion of imports from the United Kingdom into Canada had not been arrested by the operation of the Preferential Tariff. It is true that Great Britain's proportion of Canada's total trade slightly decreased even with the preference in force, but it should be particularly noted that the preference only applies to dutiable goods. To ascertain the effect of the Preferential Tariff the comparison should, therefore, be made in regard to dutiable goods only. On this basis, the figures show that whereas from 1893 to 1897 there was a decrease in the proportion

of British Imports from 45·61 per cent. to 30·53 per cent., in the following four-year period, under the preference, the average annual proportion was 30·29 per cent., and in 1901 it was 29·92 per cent.

Paragraph No. 13 of the said memorandum contains the following statement:—

> "We should not expect to find any material effect exerted by the Preferential Tariff in the case of heavy and bulky goods in which freight bears a high proportion of total value, and it is precisely in these classes of goods in which the main increase of Canadian imports has recently taken place. It is also in these classes of goods, *e.g.*, coal, grain, raw cotton, timber, iron and steel, and heavy manufactures thereof, such as bridges, girders, rails, engines, &c., that the United States, by geographical contiguity, as well as by wealth of natural resources, is *to a large extent beyond reach of any competition from the United Kingdom in the Canadian market, even if aided by a much greater preference than that now accorded.*"

Paragraph 14 gives a statement of the imports of such articles from the United States and other sources. The articles stated are:—*Metals and manufactures thereof, coal and coke, grain and breadstuffs, meat, dairy produce, and fruit, wood and manufactures thereof, raw cotton.*

If we eliminate the dutiable imports of these articles in which it is admitted that Great Britain cannot compete in the Canadian market, *even if aided by a much greater preference than that now accorded*, and compare the progress of trade in the balance of dutiable imports, it will be found that the preference has been of substantial advantage to Great Britain.

The following statement shows the net dutiable importations for consumption, after deducting these articles.

1901.	1897.	1893.
Total from All Countries.		
\$70,849,785 Increase, 1897 to 1901 - 22,716,084 Rate of increase, 47 per cent.	\$48,133,701 Increase, 1893 to 1897 - 360,785 Rate of increase, 1 per cent.	\$47,772,916
From Great Britain.		
\$28,052,385 Increase, 1897 to 1901 - 10,448,437 Rate of increase, 59 per cent.	\$17,603,948 Decrease, 1893 to 1897 - 8,955,940 Rate of decrease, 33 per cent.	\$26,559,888
From United States.		
\$24,493,414 Increase, 1897 to 1901 - 8,114,787 Rate of increase, 49 per cent.	\$16,378,627 Increase, 1893 to 1897 - 2,972,276 Rate of increase, 22 per cent.	\$13,406,351
From Other Countries.		
\$18,303,986 Increase, 1897 to 1901 - 4,152,860 Rate of increase, 29 per cent.	\$14,151,126 Increase, 1893 to 1897 - 6,344,449 Rate of increase, 81 per cent.	\$7,806,677

These figures are instructive.

Briefly stated they show, first, that between 1893 and 1897 the imports from *Great Britain* declined by 33 per cent., as compared with an increase of 22 per cent. from the United States, and an increase of 81 per cent. from Other Countries.

But a change took place during the following four-year period when the preference was in operation. During that time British imports increased 59 per cent., United States 49 per cent., and Other Countries 29 per cent. The increase in the total from All Countries was at the rate of 47 per cent.

Rates of Duty.

In paragraph 15 of the said Colonial Office Memorandum it is stated that "the Canadian Tariff, as a rule, discourages the importation of manufactured "goods more than that of raw materials. Although, therefore, British goods "enjoy a preference compared with the same goods imported from other "countries, the average *ad valorem* rate of duty on British imports, *taken as a* "*whole*, is still higher than the average duty levied on all imports, and much "higher than the average duty levied on imports from the United States."

These rates (eliminating coin and bullion) were for 1901 :—

All imports - - - -	16·35 per cent.
Great Britain, all imports - - -	18·32 „
United States „ - - -	12·42 „

It must be considered, however, that a very small proportion of the free goods is imported from Great Britain. The imports of free goods from Great Britain last year amounted to only $11,316,510, whereas from the United States they were $56,884,730.

The policy of the Canadian Government is (and the necessities of the country require it) to admit free of duty, as far as possible, raw materials for the manufacturing industries, and necessaries for agricultural, mining, fishing, and other great industries. These raw materials and necessaries are largely produced in the United States. Many lines are not produced in Great Britain at all, and many others cannot be obtained by Canadians there to advantage. Great Britain cannot hope to compete in the Canadian market to any appreciable extent in the raw materials we require. It should be observed at this point that the Free List of the Canadian Tariff is open to all countries. There are no restrictions.

The preference, of course, only applies to dutiable goods, and to ascertain the advantage that has been accorded to British trade the comparison should be made in respect of the rates of duty on dutiable imports. Taking this basis the average rates of duty were as follows :—

Year.	All Dutiable Imports.	Great Britain Dutiable Imports.	United States Dutiable Imports.
	Per cent.	Per cent.	Per cent.
1897 - - - -	29·96	30·69	26·72
1901 - - - -	27·42	24·74	24·83

Probably a fairer way to make the comparisons would be to eliminate narcotics and stimulants, upon which there are very high duties for revenue, *not protective*, purposes, and to which the preference does not apply. These articles form the main sources of revenue in nearly all countries.

Deducting these lines, the average rates of duty were as follow :—

Year.	All Imports.	Great Britain.	United States.
	Per cent.	Per cent.	Per cent.
1897 - - - -	26·57	27·65	26·53
1901 - - - -	24·15	21·05	24·59

The rate under the Preferential Tariff on goods from Great Britain, in 1901, was 19·40.

It is practically admitted in the Colonial Office Memorandum that the preference has at any rate arrested the decline in the imports of textiles

from Great Britain, but it is argued that the Canadian Tariff is still highly protectionist as regards these classes of goods, the result being seen in the small and diminishing consumption per head of British textiles by the Canadian population. It is also stated that the consumption of these classes of goods is much higher in other British Colonies than in Canada.

In reply to these observations it may be stated that the textile industries, particularly woollens and cottons, are very well established in Canada, and made rapid strides in the last decade. The manufacturers naturally expect a share of the home market, and as their establishments develop they correspondingly look for a larger share. However, under the operation of the preference the rates of duty were very materially reduced, and the British manufacturer has, therefore, been placed in a much better position to compete in the Canadian market. For instance, the average rate on dutiable woollens under the Tariff prior to 1897 was 32 per cent., and on cottons 29 per cent. In 1901 under the preference the average rates were, woollens 23 per cent., cottons 20 per cent. It is submitted that the preferential rates on textiles are not too high to shut out reasonable competition with the Canadian manufacturer.

The trade statistics show that the *imports from Great Britain of textiles*, including woollens, silks, cottons, flax, hemp and jute, carpets, curtains, oil cloth, embroideries, and crape, decreased by 36 per cent. from 1893 to 1897, while during the same period they increased from other countries by 20 per cent. However, in the four years from 1897 to 1901, under the preference, they increased by 57 per cent. from Great Britain, and by 55 per cent. from other countries. Attached hereto, marked C, is a table showing the importations of textiles for the years stated.

In 1897 the British imports into Canada of dutiable cottons amounted to 66 per cent. of the total, in 1901 the proportion had increased to 70 per cent. If we take woollens the proportion in 1897 was 78 per cent. and in 1901 it was 81 per cent.

In this connection it might be noted that the Canadian Government has been attacked by Canadian manufacturers on the ground that the preference is seriously interfering with their trade. The woollen manufacturers have been foremost in the attack, and they have made very bitter complaints to the effect that the industry is threatened with ruin through the severe competition from Britain brought about by the operation of the preference. In brief, these manufacturers claim that the rates on woollens are too low to be protective of their industry.

Referring to the argument that the consumption of British textiles and British goods generally in Australia and New Zealand is much higher than in Canada, it is submitted that this is largely due to the fact that the manufacturing industries are more highly developed in Canada than in the Colonies stated.

On this point it is worthy of special note that the rates of duty on textiles in New Zealand seem to be about as high as the net rates under the preference in Canada. The New Zealand rates vary from 20 per cent to 25 per cent. *ad valorem*. Under the preference the average rates on woollens last year was 23 per cent., and on cottons 20 per cent.

Referring to the general statement made in paragraph No. 15 of the said Colonial Office Memorandum, that Canadian policy remains protectionist in spite of the preference to British goods, it may be stated that the Canadian Tariff was framed specially for revenue purposes, with protection as an incident, and that it admits of reasonable British and foreign competition with the domestic manufacturer and producer—it is not in any sense prohibitory. This is evidenced by the facts that the imports of dutiable goods are very large, and that they have increased very considerably in recent years. In 1897 the total dutiable imports were $66,220,765, whereas in 1901 they amounted to $105,969,756.

Even the general tariff rates, which are one third higher than the Preferential Rates, do not discourage importations, as is seen from the fact that the dutiable imports from countries not entitled to the preference have largely increased. During the fiscal year 1896–97 the dutiable imports from

countries not now enjoying the preference amounted to $44,888,582, and they increased to $72,558,286 in 1901.

Foreign counties having increased their trade with Canada, it, of course, follows that Great Britain, with the advantage of the preference, has been in a much better position to do so.

The following table shows the average rates of duty paid on the importations for 1901 under the Preferential Tariff, on the principal lines which are imported from Great Britain :—

PREFERENTIAL TARIFF.

Cement	20·7
Cottons	20·4
Drugs and Chemicals	15·1
Earthenware	20·0
Fancy Goods	22·2
Flax and Jute	17·9
Fur and Manufactures	11·9
Glass	17·1
Gold and Silver Manufactures	20·0
Gutta-percha Manufactures	22·1
Hats and Caps	20·0
Iron and Steel	11·6
Paints	7·6
Paper and Manufactures	18·9
Silks	20·9
Woollens	23·0

It is contended that these rates admit of reasonable competition with the domestic producer in the Canadian market.

While on the whole the dutiable imports from *Great Britain* have increased materially under the operation of the preference, it is a matter of considerable surprise to find that the imports from foreign countries, in quite a number of lines in which Britain chiefly competes, and to which the preference applies, have increased in as great a ratio as those from Britain, and in some cases at a greater rate. These statements, which are worthy of careful and serious consideration, are substantiated by the following figures :—

DUTIABLE IMPORTATIONS FOR CONSUMPTION INTO CANADA.

——	1897.	1901.
	$	$
Silks from Great Britain	1,396,015	2,107,032
„ „ other countries	592,290	1,618,991
Fancy goods from Great Britain	873,182	898,131
„ „ other countries	607,524	1,032,582
Gloves and mitts from Great Britain	228,427	215,122
„ „ other countries	287,951	487,456
Combs from Great Britain	35,399	54,137
„ „ other countries	38,210	74,341
Collars and cuffs from Great Britain	30,119	25,612
„ „ other countries	9,033	63,463
Buttons from Great Britain	31,113	30,352
„ „ other countries	104,313	147,038
Furs from Great Britain	185,724	378,331
„ other countries	210,774	587,060
Glass from Great Britain	187,888	352,204
„ other countries	951,876	1,223,415
Hats, caps, and bonnets from Great Britain	694,342	893,501
„ „ „ other countries	497,062	768,262

—	1897.	1901.
	$	$
Gutta-percha and indiarubber manufactures from Great Britain	90,274	155,445
„ „ „ „ other countries	227,701	454,446
Gold and silver manufactures from Great Britain - -	50,365	63,012
„ „ „ other countries - -	245,778	296,634
Paints and colours from Great Britain - - -	210,234	224,202
„ „ other countries - - - -	309,211	544,641
Varnish and Japans from Great Britain - - -	24,910	36,166
„ „ „ other countries - - -	35,811	80,858

It might be remarked here that if any doubt exists in Britain as to the substantial nature of the preference granted by Canada in favour of British goods, certainly none exists in the United States. The manufacturers there have found it necessary to reduce their prices to Canada to offset the preference.

To conclude and to summarise it is respectfully submitted—

(1.) That the preference is a very substantial and genuine one.

(2.) That it gives British merchants a material advantage over foreign competitors in the Canadian markets.

(3.) That the preferential rates are not too high to shut out reasonable competition with the Canadian producer.

(4.) That the preference has resulted, not only in arresting the continuous decline in British trade, but in stimulating the trade. If it had not been granted it is not very likely that the volume of British imports into Canada would be as large as it is to-day, to say the least.

(5.) That the advantage given by Canada to the British manufacturer is proved beyond all question. If he has not fully availed himself of it that is not the fault of the Canadian Government, or of Canadian fiscal policy.

Important.

Since the foregoing report was prepared and typewritten, a cable has been received from the Customs Department, Canada, stating that the unrevised Foreign Trade Statistics for the fiscal year ended June 30th, 1902, show that the imports entered for consumption from *Great Britain* amounted to $49,072,293, and from *All Countries* to $202,791,406. These figures are subject to final revision, but they may be considered approximately correct. The amount stated for *Great Britain* is an increase of $6,054,129 over the previous year, or an advance of 14 per cent. The total imports from *All Countries* increased by $21,553,418, or at the rate of 12 per cent.

"A."

Total Importations for Home Consumption into Canada.

Year.	Dutiable.	Free.	Total.
	$	$	$
1901 - - - - -	105,969,756	75,268,232	181,237,988
1897 - - - - -	66,220,765	45,073,256	111,294,021
Increases - -	39,748,991	30,194,976	69,943,967
From Great Britain.			
	$	$	$
1901 - - - - -	31,701,654	11,316,510	43,018.164
1897 - - - - -	20,217,422	9,194,766	29,412,188
Increases - -	11,484,232	2,121,744	13,605,976

From United States.

Year.	Dutiable.	Free.	Total.
	$	$	$
1901	53,600,278	56,884,730	110,485,008
1897	30,482,509	31,166,532	61,649,041
Increases	23,117,769	25,718,198	48,835,967

From British Colonies enjoying Preference.

	$	$	$
1901	1,709,816	1,363,766	3,073,582
1897	1,114,761	659,767	1,774,528
Increases	595,055	703,999	1,299,054

From All Other Countries not before-mentioned.

	$	$	$
1901	18,958,008	5,703,226	24,661,234
1897	14,406,073	4,052,191	18,458,264
Increases	4,551,935	1,651,035	6,202,970

"B."

Statement showing the Principal Lines of Dutiable Imports from Great Britain for the Years 1897 and 1901.

		$
Books, periodicals and pamphlets	1901	228,885
	1897	205,706
	Increase	$ 23,179
Carpets, squares, mats, rugs other than woollens	1901	215,634
	1897	92,820
	Increase	$122,814
Cement	1901	229,795
	1897	111,551
	Increase	$118,244
Cotton manufactures	1901	4,879,909
	1897	2,693,114
	Increase	$2,186,795
Curtains	1901	305,623
	1897	169,192
	Increase	$136,431
Drugs, dyes, and chemicals	1901	714,336
	1897	228,350
	Increase	$485,986
Earthenware and chinaware	1901	687,158
	1897	386,780
	Increase	$300,378

		$
Fancy goods	1901	898,131
	1897	873,182
	Increase	$24,949
Flax, hemp, jute and manufactures of	1901	1,747,294
	1897	1,158,809
	Increase	$588,485
Fruits	1901	290,122
	1897	214,300
	Increase	$75,822
Furs	1901	378,331
	1897	185,724
	Increase	$192,607
Glass and manufactures of	1901	352,204
	1897	187,888
	Increase	$164,316
Gunpowder and other explosives	1901	82,169
	1897	19,444
	Increase	$62,725
Gutta-percha, indiarubber, manufactures of	1901	155,545
	1897	90,274
	Increase	$65,271
Hats, caps, and bonnets	1901	893,501
	1897	694,342
	Increase	$199,159
Leather and manufactures of	1901	207,788
	1897	101,245
	Increase	$106,542
Metals, minerals, and manufactures of	1901	2,965,153
	1897	2,102,530
	Increase	$862,623
Oil cloth	1901	341,712
	1897	127,179
	Increase	$214,533
Oils	1901	482,840
	1897	305,027
	Increase	$177,813

		$
Paints and colours	1901	224,202
	1897	210,234
	Increase	$13,968
Paper and manufactures of	1901	382,018
	1897	229,368
	Increase	$152,650
Silk and manufactures of	1901	2,107,032
	1897	1,396,015
	Increase	$711,017
Soap and spices	1901	259,694
	1897	194,637
	Increase	$65,057
Sugar and molasses	1901	643,185
	1897	56,859
	Increase	$586,326
Wool and manufactures of	1901	8,061,459
	1897	5,576,859
	Increase	$2,484,600
Gloves and mitts	1901	215,122
	1897	228,427
	Decrease	$13,305

"C."

Imports of Dutiable Textiles.

	1901.	1897.	1893.
	From Great Britain.		
	$	$	$
Woollens	8,061,459	5,576,859	9,646,287
Silks	2,107,032	,396,015	2,238,556
Cottons	4,879,909	2,693,114	3,480,519
Flax, hemp, and jute	1,747,294	1,158,809	1,531,314
Carpets, other than woollen	215,634	92,820	136,716
Curtains	305,623	169,192	216,817
Oil cloth	341,712	127,179	191,868
Embroideries	20,502	42,626	90,738
Crape	20,227	13,674	45,013
	$17,699,392	$11,270,288	$17,577,828

Increase, 1897 to 1901, 57 per cent. Decrease, 1893 to 1897, 36 per cent.

	1901.	1897.	1893.
From Other Countries.			
	$	$	$
Woollens	1,882,646	1,548,889	1,300,299
Silks	1,618,991	592,290	524,980
Cottons	2,048,083	1,358,247	1,088,224
Flax, hemp, and jute	165,776	104,899	87,669
Carpets	73,748	73,782	43,574
Curtains	131,327	95,514	96,945
Oil cloth	79,118	28,834	41,527
Embroideries	36,077	97,696	69,587
Crape	2,211	2,593	4,212
	6,037,977	3,902,744	3,257,017
	Increase, 1897 to 1901, 55 per cent.	Increase, 1893 to 1897, 20 per cent.	

APPENDIX X.

MUTUAL PROTECTION OF PATENTS.

MEMORANDUM BY BOARD OF TRADE.

In the matter of patents, the United Kingdom and its Colonies have each of them independent laws and administration, one result of which is that in every case the protection granted to the patentee by the patent is limited either to the United Kingdom or to the particular Colony in which the patent is granted, as the case may be. In most of the Colonies the Patent Laws have been modelled more or less on the general lines of the Acts which have been in force in the United Kingdom at the dates when the Colonial laws have been passed.

The changes which have taken place from time to time in the Patent Laws in force in the United Kingdom have thus been accidentally a contributory cause of many divergencies, some trivial, some important, in the Patent Laws of various Colonies. Other divergencies have their origin in the local circumstances of particular Colonies, or the deliberate policy of the Colonial Governments. Thus, in Canada, several of the details of the Patent Law are assimilated to those of the United States, from which the great bulk of the inventions patented in Canada come: and the propinquity of the States, and the fear that obstructive patents may be taken out in Canada by inventors in the States for the purpose of preventing the manufacture of patented articles in Canada, have led to the passing of stringent enactments for the forfeiture of patents in the event of the importation into Canada of the patented goods, or if the patented inventions are not worked in Canada within a limited period.

Where there are good and sufficient reasons for the existing divergencies, it would manifestly be a mistaken policy to endeavour to remove them merely for the purpose of bringing about any cast-iron uniformity. But where any divergency is the result of accident rather than design, and no good object is gained by retaining it, it would be well to bear in mind, in any future revision of the law, that unnecessary discrepancies between the Patent Laws of the Colonies and the United Kingdom cannot but add to the trouble and expense which confront inventors in the United Kingdom who are desirous of patenting their inventions abroad, and Colonial inventors who desire to patent their inventions in the United Kingdom or in Colonies in which they do not themselves reside. It will be generally admitted that some approach to uniformity is desirable, so far as it is not purchased too dearly by disregard of local circumstances and requirements. It will, therefore, probably be useful to furnish the Colonial Premiers with a somewhat detailed summary, such as is included in the present memorandum, of some of the points in which the legislation relating to patents in force in the self-governing Colonies differs from or resembles that in force in the United Kingdom at the present time.

It should be borne in mind in connection with this memorandum, that important changes in the British Patent law are proposed by the Patents Bill now before Parliament, and that, if that Bill becomes law during the next few months, its provisions in such form as they may ultimately pass may have an important bearing on any future Colonial legislation on "Examination for "Novelty," "Forfeiture of Patents," and "Compulsory Licences."

The memorandum is confined to the self-governing Colonies, and is prefaced by a statement of the number of patents granted in the United Kingdom and in the Colonies to which it relates, and ends with some account of the International Convention for the Protection of Industrial Property, and the

provisions which have been inserted in some of the Colonial Patent Laws, giving privileges to foreign patentees or providing for the contingency of the Colonies in which they are in force joining the Union.

Number of Colonial Patents Granted.

The following table, compiled chiefly from information contained in "La Propriété Industrielle," will give some indication of the extent of the patent business transacted in the Patent Offices of the Colonies to which this memorandum relates.

Name of Colony.	Year.	Number of Patents Issued.
Canada	1901	4,766
Newfoundland	*	*
New South Wales	1899	674
Queensland	1900	459
South Australia	1899	405
Victoria	1898	572
Western Australia	1899	340
Tasmania	1899	208
New Zealand	1900	536
Cape Colony	1898	188
Natal	1900	152
Total (excepting Newfoundland)		8,300

* No statistics available. The total number of patents granted in Newfoundland up to 1899 is only 198.

The number of patents issued in the United Kingdom in 1901 was 13,062.

It will be seen from the above table that a majority of the patents issued in the self-governing Colonies are granted in Canada, and that the number of patents granted in the self-governing Colonies amounts to considerably more than half of the number granted in the United Kingdom. On the other hand, it should be borne in mind that it not unfrequently happens that an invention patented in the United Kingdom is patented in more than one Colony.

Who may obtain Patents.

The main points of difference arising in this branch of the Patent Law are (1) whether an inventor may assign or bequeath his right to obtain a patent for his invention; and (2) whether a person, who is not the inventor in the ordinary sense of the term, but who is the first to introduce the invention from abroad, should be allowed to obtain a patent for it, in disregard of the rights of the real inventor, or his assignee.

United Kingdom. In the United Kingdom a patent may be granted to one or more applicants. Every application must contain a declaration to the effect that the applicant or applicants is or are in the possession of an invention whereof he, or, in the case of a joint application, one or more of the applicants, claims or claim to be the true and first inventor or inventors.

If an inventor dies before applying for a patent, the patent may be obtained by his legal representative, provided that he makes his application within six months of the decease of the inventor.

If an applicant dies before the expiration of 15 months from the date of application, the patent may be granted to his legal representative at any time within 12 months after the death of the applicant.

Any person to whom an invention has been communicated from abroad, and who declares that to the best of his knowledge and belief, the invention is not in use in the United Kingdom by any other person or persons, is regarded as the true and first inventor within this country.

Canada, South Australia.

In Canada and South Australia a patent may be obtained by the inventor, or by any person to whom he has assigned or bequeathed the right of obtaining it, or in the event of the death of the inventor, by his legal representatives.

Newfoundland.

In Newfoundland, before any person can obtain a patent he must "make "oath, in writing, that he doth verily believe that he is the inventor or discoverer "of the art, machine, composition of matter, or improvement for which he solicits "letters patent."

New South Wales.

In New South Wales patents may be granted to any person claiming to be the author or designer of any invention in, or improvement to, the arts or manufactures, or to his agent or assignee.

Queensland.

In Queensland the law is the same as in the United Kingdom, except that, when an inventor is out of the Colony, application for the patent may be made by his assignee, either alone, or, if the whole right of the invention is not assigned, jointly with the inventor.

Victoria, Western Australia.

In Victoria and Western Australia the applicant for a patent may be—

(*a*) The actual inventor; or

(*b*) His assigns; or

(*c*) The actual inventor jointly with the assigns of a part interest in the invention; or

(*d*) The legal representatives of a deceased actual inventor or of his assigns; or

(*e*) Any person to whom the invention has been communicated by the actual inventor, his legal representatives or assigns (if the actual inventor, his legal representatives or assigns, is not or are not resident in Victoria or Western Australia).

The Act in the case of each of these Colonies prescribes that the term inventor "shall not include a person importing an invention from any other "Colony or Country without the authority of the actual inventor, his legal "representatives or assigns."

Tasmania.

In Tasmania the terms of the Act indicate that the law is the same as in the United Kingdom, but the "Brief Instructions, 1896," state that the applicant must claim to be either (1) the true and first inventor, (2) the inventor's agent, (3) the inventor's asignee, (4) the introducer of the invention into the Colony, (5) a deceased inventor's legal representative.

New Zealand.

In New Zealand, one or more of the applicants for a patent must be the true and first inventor, and the Act prescribes that the true and first inventor "means the person who is the actual inventor of an invention, or his nominee "or assignee, but does not include the unauthorised importer of an invention "from any place outside the Colony."

Cape Colony, Natal.

In Cape Colony and Natal, a patent may be granted to the true and first inventor; or if he dies within six months from the date of the application for the patent, to his executors within such six months or at any time within three months from his death.

What Inventions are Patentable.

(*a*) *Definition of "Invention."*

The differences as regards the definition of "invention" are not very material. Most of the Colonies, by a reference to the Statute of Monopolies, adopt the principles of the law of the United Kingdom.

New Zealand, Queensland, Tasmania, Victoria.

In the Patent Acts of New Zealand, Queensland, Tasmania, and Victoria, the definition of "invention" is the same as in the British Act, *i.e.*, "invention" means any manner of new manufacture the subject of letters patent and grant of privilege within section 6 of the Statute of Monopolies, and includes an alleged invention. In Victoria no patent is granted for any invention the use of which would be dangerous or prejudicial to the public interest.

Canada.

In the Canadian Patent Act "invention" is defined as meaning "any new "and useful art, machine, manufacture, or composition of matter, or any new and "useful improvement in any art, machine, manufacture or composition of matter." No Canadian patent may issue which has an illicit object in view, or for any mere scientific principle or abstract theorem.

Newfoundland, South Australia.

Similar provisions to those in the Canadian definition are to be found in the Newfoundland and South Australian Patent Acts. In South Australia the patent becomes void if it appears that the grant was prejudicial or inconvenient to the general public.

Cape Colony, Natal.

In the Patent Acts of Cape Colony and Natal "invention" has the same meaning as in the old British Act of 1852 (15 & 16 Vict., c. 83). The definition of "invention" in that Act was "any manner of new manufacture "the subject of Letters Patent and grant of privilege within the meaning of the "Act of the 21st year of the Reign of King James I., chapter 3," (commonly known as the Statute of Monopolies).

New South Wales.

In New South Wales "invention" is construed as meaning "any "invention or improvement in the arts or manufactures . . . . . unless "such invention or improvement appears to be detrimental to the public health, "public welfare, morality, or the interest of the State. Scientific principles or "theories can not be patented, but the practical application of them to industrial "ends may form the subject of a patent."

Western Australia.

The Patent Act of Western Australia does not apparently contain any express definition of "invention."

(*b*) *Qualifying provisions as to novelty.*

The above definitions of "invention" are in some cases explained or qualified by further provisions.

Canada.

Under the Canadian Patent Act the invention must not have been in public use or on sale with the consent or allowance of the inventor, for more than one year previously to his application for a patent, and any inventor who elects to obtain a patent for his invention in any foreign country before obtaining a patent for the same invention in Canada, can only obtain a patent in Canada, if the same be applied for within one year from the date of the issue of the first foreign patent for the invention.

Newfoundland.

The applicant for a patent in Newfoundland is required to "make oath in "writing" that the invention "hath not to the best of his knowledge or belief, "been known or used in this colony, or in any other country," but he will not be deprived of his right to a patent by reason of his having previously taken out Letters Patent for the invention in another country, if "such invention shall "not have been introduced into public and common use in this colony prior "to the application for a patent therein."

New South Wales.

In New South Wales prior exhibition without any limit as to period does not prejudice patent rights.

South Australia.

In South Australia the invention must not have been "publicly used or "offered for sale within the Province prior to the date of the patent for the same,"

but the fact of an exhibitor having exhibited or tested his invention, either publicly or privately within a limited period, does not prejudice his right to a patent. An expired foreign patent is a bar to the grant of a patent in this Colony.

Provisions as to the exhibition of unpatented inventions within a limited period exist also in Victoria, Queensland, Western Australia, Tasmania, and New Zealand. In Victoria patents for foreign inventions may be granted within one year of the date of the foreign patent, notwithstanding prior use or publication in Victoria. Victoria, Queensland, Western Australia, Tasmania, New Zealand.

Examination for Novelty.

In Canada, on every application for a patent, a thorough and reliable examination is required by law to be made by competent examiners employed in the Patent Office for that purpose. Canada.

The Commissioner may object to grant a patent in any of the following cases :—

(*a*) When he is of opinion that the alleged invention is not patentable in law ;

(*b*) When it appears to him that the invention is already in the possession of the public, with the consent or allowance of the inventor ;

(*c*) When it appears to him that there is no novelty in the invention ;

(*d*) When it appears to him that the invention has been described in a book or other printed publication before the date of the application, or is otherwise in the possession of the public ;

(*e*) When it appears to him that the invention has already been patented in Canada or elsewhere, unless the Commissioner has doubts as to whether the patentee or the applicant is the first inventor.

Whenever the Commissioner objects to grant a patent in any of the above cases, he must notify to the applicant the ground or reason therefor with sufficient detail to enable him to answer the objection if he can. An appeal lies from the Commissioner's decision to the Governor in Council.

In New Zealand and Tasmania the Registrar of Patents may refuse to grant a patent for any alleged invention which he knows is not new, after giving the applicant an opportunity of being heard personally or by his agent. New Zealand, Tasmania.

In Queensland it is the duty of every examiner to whom an application for a patent is referred, to report whether, to the best of his knowledge, any of the following conditions exists with respect to the invention, that is to say :— Queensland.

(*a*) That it is not novel ;

(*b*) That the invention is already in the possession of the public, with the consent or allowance of the inventor ;

(*c*) That the invention has been described in a book or other printed publication, published in Queensland before the date of the application, or is otherwise in the possession of the public ;

(*d*) That the invention has already been patented in Queensland.

Where an examiner reports that any of these conditions exists with respect to the alleged invention, the Registrar may refuse to proceed with the application, unless the case is one which falls within the provisions of the Act relating to Industrial or International Exhibitions and International Arrangements, or unless, in the case of a prior patent having been granted, he has doubts whether the patentee or the applicant is the first inventor. An appeal lies from the Registrar's decision to the Law Officer.

Victoria. In Victoria the examiner is required to ascertain and report to the Commissioner of Patents whether, to the best of his knowledge, the invention which it is sought to patent is not novel or is already in the possession of the public, with the consent or allowance of the true and first inventor, and if he reports to this effect the Commissioner may refuse to proceed with the application, which refusal is subject to an appeal to the Law Officer.

New South Wales, South Australia. In New South Wales and South Australia the provisions of the Acts as regards the duties of the examiner appear to cover an enquiry as to whether the applicant is the true and first inventor.

Western Australia. In Western Australia provision is made for examination as to interference between concurrent applications.

Caveats.

Canada. In Canada any intending applicant who has not perfected his invention, and is in fear of being despoiled of his idea, may file in the Patent Office a description of his invention so far, with or without plans at his own will; and the Commissioner, on payment of the prescribed fee, is required to cause the document, which is called a caveat, to be preserved in secrecy, with the exception of delivering copies of the same whenever required by the said applicant or by any judicial tribunal; but the secrecy of the document is to cease when the applicant obtains a patent for the invention. If application be made by any other person for a patent for any invention with which such caveat may in any respect interfere, the Commissioner is required to give notice by mail of such application to the person who has filed the caveat, and such last mentioned person must within three months from the date of mailing such notice, if he wishes to avail himself of his caveat, file his petition and take the other steps necessary on an application for a patent; and if in the opinion of the Commissioner the applications are conflicting, they will be referred to arbitration. Unless the person filing a caveat makes application within one year from the filing thereof for a patent the Commissioner is relieved from the obligation of giving notice, and the caveat then remains as a simple matter of proof as to novelty or priority of invention if required.

South Australia. Very similar provisions as regards the filing of caveats and the sending of notices of any conflicting application to the person filing the caveat are contained in the South Australian Patent Act.

Report of the Commissioners appointed by the United States Government in 1898 on "Caveats." As the above provisions relating to "Caveats" have been taken from the Patent Law of the United States, it may be of interest to the Colonial Premiers to know that the Commissioners appointed in 1898 to revise the statutes relating to patents, trade and other marks, and trade and commercial names, on page 23 of their report say that they are clearly of opinion that the statute providing for the filing of caveats should be repealed. The reasons which have led them to this conclusion are set out in the following passage on page 22 of their Report, viz.:—"The very general opinion of those most familiar with "patent practice, as expressed to us, is that the caveat is practically of no use "to inventors. Many attorneys of long experience in patent matters have "assured us that they always advise their clients not to file caveats. The "preparation of a caveat, if it be prepared with care and skill, involves con- "siderable expense, hardly less than the preparation of an application. The "filing of a caveat necessarily implies the subsequent filing of an application, "with the result that the inventor is put to practically a double expense without "practical advantage.

"If foreigners are permitted to file caveats, as it would seem must be done "if our citizens are permitted to do so, the result will be the introduction of a "class of evidence which has always been considered open to very serious "objection, and has never been permitted to be introduced in any proceeding "before the Patent Office, or before the courts in patent matters—namely, "evidence of acts performed in a foreign country. If foreigners are permitted

" to establish conception of an invention in a foreign country by filing a " caveat—and a caveat has practically no other effect than that of establishing " conception of the invention described therein on the date on which it was " filed—it would seem to be necessary to permit evidence to be introduced of " the reduction of the invention to practice, as by construction of a machine, " in the foreign country."

Provisional Protection.

No great differences exist in regard to Provisional Protection. Such differences as occur relate chiefly to the period of protection. In Newfoundland the nature of the protection, and in Cape Colony the character of the specification which must be filed with the application, are exceptional.

In Newfoundland every applicant for a patent is required with his petition to deliver into the office of the Colonial Secretary " a written description of his " invention, and of the manner of using or process of compounding the same," in accordance with detailed instructions contained in the Act ; and after the expiration of one week, and until the expiration of six months from the date of the delivery of this description, the applicant has the like privileges and rights as if a patent had been sealed to him on the date of such delivery. Newfoundland.

In New South Wales any person claiming to be the author or designer of any invention, or his agent or assignee, may obtain a certificate entitling him to provisional protection for his invention on payment of £2 and on depositing with the Minister of Justice a petition addressed to the Governor and a provisional specification in the prescribed form. This certificate is in force for 12 months, and becomes null and void if before the date of the expiration thereof its lawful holder fails to make application for a patent. New South Wales.

In Queensland, New Zealand, Victoria, Western Australia, and Tasmania, the law relating to provisional and complete specifications resembles that of the United Kingdom (1) in leaving it to the option of the applicant whether his application shall be accompanied with a provisional or a complete specification ; (2) in the provisional protection which, after the acceptance of an application, is accorded to him during the period before the date of the application and the sealing of the Patent, which protection enables him to use and publish the invention during this interval without prejudice to the patent subsequently granted to him ; and (3) in granting to him during the interval between the acceptance of the complete specification and the sealing of the patent or the expiration of the time for sealing, the like privileges and rights, as if a patent had been sealed to him at the date of such acceptance, subject to the qualification that he may not institute any proceeding for infringement unless and until a patent has been granted to him. In all these Colonies the normal time allowed for leaving the complete specification is nine months. This time may be extended, on payment of the prescribed fee, by three months in Queensland, and by one month in New Zealand, Victoria, Western Australia, and Tasmania. Queensland, New Zealand, Victoria, Western Australia, Tasmania.

In Natal every applicant has also the option of selecting whether he will deposit a provisional or a complete specification with his application. In either case his invention obtains provisional protection for six months from the date of the deposit ; and if no complete specification is deposited within eight weeks at least before the expiration of the term of provisional protection, the application will be deemed to be abandoned. Extension of this time, for what appears to be an indefinite period at the discretion of the Attorney-General, is allowed. If the specification is deposited in fraud of the true and first inventor, any patent granted to such inventor will not be invalidated by it, or by any use or publication of the invention during the term of provisional protection. Natal.

In Cape Colony a specification must be deposited with the application ; and the invention obtains similar provisional protection for six months, during which period, in case the title of the invention or the specification is too large or insufficient, the Attorney-General may before the grant of a patent allow or Cape Colony.

require the specification to be amended, or another and sufficient specification to be deposited, which will have the same force, effect, and operation as if it had been originally deposited in its amended state. The specification originally filed is required particularly to describe and ascertain the nature of the invention, and in what manner the same is to be performed.

Opposition to the Grant of Patents.

(*a*) *Grounds of Opposition.*

In the United Kingdom and all the self-governing Colonies, except Newfoundland, provision is made for opposition by persons interested to the grant of a patent. The grounds of opposition vary greatly, and in some of the Colonies include prior publication, prior user, or possession by the public, while in one Colony the grant of provisional protection may be opposed.

United Kingdom. In the United Kingdom there are three grounds on which the grant of a patent may be opposed by persons interested: (*a*) that the applicant has obtained the patent from the opponent or from a person of whom the opponent is the legal representative; (*b*) that the invention has been patented in this country on an application of prior date; and (*c*) that the complete specification describes or claims an invention other than that described in the provisional specification, and that such other invention forms the subject of an application made by the opponent in the interval between the leaving of the provisional specification and the leaving of the complete specification.

Canada. In Canada the only cases in which the grant of a patent can be opposed by persons interested are apparently those of conflicting applications.

Newfoundland. In Newfoundland there seems to be no machinery provided by which the grant of a patent can be opposed by persons interested.

New South Wales. In New South Wales, the Act and Patent Office Regulations, jointly, provide for the lodging of a protest against the issue of a patent, or of a certificate of provisional protection.

Queensland. In Queensland the grant of a patent may be opposed by persons interested on any of the three grounds on which the grant of a patent can be opposed in the United Kingdom; and also on any of the following grounds, viz.: (*d*) that the invention is not novel; or (*e*) that it is already in the possession of the public with the consent or allowance of the inventor; or (*f*) that it has been described in a book or other printed publication published in Queensland before the date of the application, or is otherwise in the possession of the public.

New South Wales, South Australia, Tasmania, New Zealand, Cape Colony, Natal. In New South Wales, South Australia, Tasmania, New Zealand, Cape Colony, and Natal there are apparently no limitations to the grounds of opposition.

Victoria. In Victoria the grounds of opposition are (1) that the applicant has fraudulently or without the authority of the opponent obtained the invention from him or from a person of whom he is the legal representative or assignee; (2) that the invention has not been communicated to the applicant by the actual inventor, his legal representatives or assigns, if the actual inventor, his legal representatives or assigns, is or are not resident in Victoria; (3) that the invention has been patented in Victoria on an application of prior date; (4) want of novelty, or the invention having been already published or publicly used; and (5) that the complete specification describes or claims an invention other than that described in the provisional specification, and that such other invention forms the subject of an application made by the opponent in the interval between the leaving of the provisional specification and the leaving of the complete specification.

Western Australia. In Western Australia a patent may be opposed on either of the first two grounds specified in the Patent Law of the United Kingdom, or (3) on the

ground of an examiner having reported to the Registrar that the specification appeared to him to comprise the same invention as is comprised in a specification bearing the same or a similar title, and accompanying a previous application.

(*b*) *Hearing of Oppositions.*

United Kingdom. In the United Kingdom oppositions to the grant of patents are heard and decided by the Comptroller-General of Patents, or his deputy, with an appeal from his decision to the Law Officer.

Canada. In Canada, conflicting applications are submitted to three skilled arbitrators, two of whom are chosen by the applicants and the third by the Commissioner or his deputy. The decision or award of these, or any two of them, delivered to the Commissioner in writing and subscribed by them, or any two of them, is final, as far as concerns the granting of the patent.

Queensland, Western Australia, Victoria. In Queensland and Western Australia, the Registrar of Patents, and in Victoria, the Commissioner of Patents hears and decides the opposition, subject, in all three cases, to an appeal to the Attorney-General or other Law Officer.

South Australia. In South Australia the Commissioner of Patents hears the opposition, and his decision is final.

Tasmania. In Tasmania the opposition is heard and decided by a Judge of the Supreme Court sitting in Chambers, with an appeal to the Supreme Court of Tasmania.

New Zealand. In New Zealand it is heard and decided by the Registrar of Patents, subject to an appeal to the Supreme Court of New Zealand.

Cape Colony, Natal. In Cape Colony and Natal objections to the grant of patents are heard by the Attorney-General.

Duration of Patents.

In the United Kingdom and in all the Colonies to which this memorandum relates, with the exception of Canada, the duration of a patent, unless it be extended in accordance with special statutory provisions, is limited to 14 years. In Canada it is 18 years. Extensions of these periods may, under special circumstances, be granted in the following Colonies, viz :—Cape Colony, Natal, Queensland, Victoria, Western Australia, Tasmania, and New Zealand, for a period not exceeding 14 years ; in Newfoundland and South Australia, for a period not exceeding seven years. In the majority of these cases the patentee can only obtain the extension when he can prove that he has been unable to obtain a due remuneration for the expense and labour of perfecting the invention, and that an exclusive right of using and vending the invention for a further period is necessary for his adequate remuneration. In Canada, Cape Colony, Natal, Newfoundland, and South Australia, the patent expires with the first foreign patent, an arrangement which is at variance with the new clause inserted in the International Convention by the Additional Act of the 14th of December, 1900, to which reference is made on page 16 of this memorandum.

Patent Fees.

In the United Kingdom the fees charged by the State for a patent which will continue in force for four years from the date of the application, amount to £4. If the patentee desires his patent to continue in force after the expiration of the four years he must pay renewal fees of £5 for the fifth year, £6 for the sixth year, and so on to £14 for the fourteenth year. If a patent be kept in force for the full period of 14 years, the total patent fees will amount to £99. The patent fees charged in the Colonies are considerably lower than this. In New South Wales, fees amounting to £5 will keep the patent in force for the

full term of 14 years. In most of the Colonies the British system of renewal fees prevails, but the intervals at which these fees are payable are longer than in the United Kingdom. Thus, in Canada £4 is payable on the application, a second £4 before the end of the sixth year, and a third £4 before the end of the twelfth year, making £12 in all. The following table gives the details of these fees in the several self-governing Colonies :—

Canada	Application	20 dollars.
	Renewal Fee—	
	Before end of 6th year ...	20 „
	Before end of 12th year ...	20 „
	Total	60 dollars.
Newfoundland ...	Patent	25 dollars.
	In addition to ordinary fee for documents under Great Seal of Colony.	

		£	*s.*	*d.*
New South Wales ...	Application	2	0	0
	Petition for patent	3	0	0
	Total	£5	0	0
Queensland	Application	1	0	0
	Complete specification... ...	2	0	0
	Before end of 4th year ...	5	0	0
	Before end of 8th year ...	10	0	0
	(Or annual renewal fees).			
	Total	£18	0	0
South Australia ...	Provisional protection... ...	1	0	0
	Patent	2	0	0
	Before end of 3rd year ...	2	10	0
	Before end of 7th year ...	2	10	0
	Total	£8	0	0
Victoria	Provisional specification ...	1	0	0
	Complete specification... ...	2	0	0
	On obtaining patent	1	0	0
	Before end of 3rd year ...	2	10	0
	Before end of 7th year ...	2	10	0
	Total	£9	0	0
Western Australia ...	Application	1	0	0
	Complete specification... ...	2	0	0
	Before end of 4th year ...	5	0	0
	Before end of 7th year ...	10	0	0
	Total	£18	0	0

		£	s.	d.
New Zealand ...	Application	0	10	0
	Complete specification... ...	0	10	0
	Grant of patent	2	0	0
	Before end of 4th year ...	5	0	0
	Before end of 7th year ...	10	0	0
	Total	£18	0	0
Tasmania	Application	0	10	0
	Complete specification... ...	0	10	0
	Grant of patent	2	0	0
	Before end of 3rd year ...	15	0	0
	Before end of 7th year ...	20	0	0
	Total	£38	0	0
Cape Colony ...	Application	2	10	0
	Grant of patent	2	10	0
	Before end of 3rd year ...	10	0	0
	Before end of 7th year ...	20	0	0
	Total	£35	0	0
Natal	On depositing provisional specification...	1	1	0
	Notice to proceed	0	5	0
	Fee for Attorney-General's warrant	1	1	0
	Complete specification... ...	1	1	0
	Grant of patent	1	10	0
	Before end of 3rd year ...	5	0	0
	Before end of 7th year ...	10	0	0
	Total	£19	18	0

Forfeiture of Patents for Non-Working.

Patents cannot be forfeited for non-working in the United Kingdom, or in any of the Colonies to which this memorandum relates, with the exception of Canada, Newfoundland, and South Australia.

Canada. In Canada patents become null and void at the end of two years from the date thereof, unless the patentee or his legal representatives or his assignee within that time, or any authorised extension thereof, commence and after such commencement continuously carry on in Canada the construction or manufacture of the patented invention in such a manner that any person desiring to use it may obtain it, or cause it to be made for him at a reasonable price at some manufactory or establishment for making or constructing it in Canada. This period of two years may be extended at any time not more than three months before its expiration by the Commissioner of Patents on its being proved to his satisfaction that the patentee was, for reasons beyond his control, prevented from complying with the above condition. Any question as to whether a patent has become void under these provisions may be adjudicated upon by the Exchequer Court of Canada upon information in the name of the Attorney-General of Canada, or at the suit of any person interested.

Newfoundland. Any patent in Newfoundland which has not been brought into operation within two years from the date thereof becomes void at the end of that period.

South Australia.

Every patent in South Australia is liable to be revoked by the Governor upon the application of any person after the expiration of three years from the granting thereof, if it is made to appear to the Governor that neither the patentee nor his assignee or licensee has before the time of such application used the patented invention to a reasonable extent for the public benefit. But the Governor may, in his absolute discretion, refuse any such application upon such terms and conditions as he may see fit. No patent has yet been forfeited under these provisions, and it is believed that no application has yet been made under them.

Forfeiture of Patents when Patented Goods are Imported.

Canada.

The only Colony in which it has been considered necessary to forfeit a patent by reason of the importation of the patented goods, or to place any special prohibition on the importation of patented goods, as such, is Canada, which is of course very exceptionally situated by reason of its propinquity to the United States, the most inventive country in the world. In Canada, if after the expiration of 12 months from the granting of a patent, or any extension of such period which may be authorised by the Commissioner of Patents on satisfactory cause being shown at some time within three months of the expiry of the period, the patentee, or any of his representatives or assignees, imports or causes to be imported into Canada the inventions for which the patent has been granted, the patent becomes void as to the interests of the importer.

Compulsory Licences.

New Zealand, Queensland, Tasmania, Western Australia.

In New Zealand, Queensland, Tasmania, and Western Australia, if it is proved that by reason of the default of a patentee to grant licences on reasonable terms (1) the patent is not being worked in the Colony; or (2) the reasonable requirements of the public with respect to the invention cannot be supplied; or (3) any person is prevented from working or using to the best advantage an invention of which he is possessed, the Governor may require the patentee to grant licences on such terms as having regard to the nature of the invention and the circumstances of the case he may think just; but so far as we are aware, no application for a compulsory licence has yet been made in any of these Colonies under the above provisions.

In the above Colonies the law on this point is substantially the same as in the United Kingdom, with the exception that the jurisdiction exercised by the Board of Trade in the United Kingdom is exercised in the Colonies by the Governor.

In the remainder of the Colonies, to which this memorandum relates, it has not been thought necessary to pass any legislation for the grant of compulsory licences.

The International Convention for the Protection of Industrial Property.

By the International Convention of 20th March, 1883, the Governments of Belgium, Brazil, France, Guatemala, Holland, Italy, Portugal, San Salvador, Servia, Spain, and Switzerland constituted themselves into a Union for the protection of industrial property.

The following Governments have since adhered to the Convention and become parties to the Union, viz., Great Britain, Tunis, the Dominician Republic, Sweden, Norway, Queensland, the United States, New Zealand, Denmark, and Japan; while San Salvador and Guatemala have left the Union.

Article II. of the Convention provides that the subjects and citizens of each of the Contracting States shall in all the other States of the Union, in matters

concerning patents of invention, industrial designs or models, trade and commercial marks and trade names, enjoy the advantages which their respective laws now grant or shall hereafter grant to natives.

Article IV. provides that :—

> " Any person who has duly lodged an application for a patent of invention, an industrial design or model, or a trade or commercial mark in one of the Contracting States, shall enjoy, for lodging the application in the other States, and reserving the rights of third parties, a right of priority during the terms hereinafter stated.
>
> " Consequently, a subsequent application in one of the other States of the Union before the expiration of these terms shall not be invalidated through any acts accomplished in the interval, either, for instance, by another application, by publication of the invention, or by the working thereof by a third party, by the sale of copies of the design or model, or by the use of the mark."

The above-mentioned terms of priority, as fixed by the original Convention of 1883, were six months for patents of inventions, and three months for industrial designs and models and for trade and commercial marks. These terms were increased by a month for " countries beyond the sea," an expression which has been interpreted as meaning " countries outside Europe which do " not border on the Mediterranean."

By the Additional Act of the 14th of December, 1900, the terms of priority were fixed for all countries at twelve months for patents and four months for industrial designs and models and for trade and commercial marks.

Article V. of the Convention provided that—

> " The introduction by the patentee into the country where the patent has been issued of objects manufactured in any of the States of the Union shall not entail forfeiture.
>
> " Nevertheless, the patentee shall remain subject to the obligation to work his patent in conformity with the laws of the country into which he introduces the patented objects."

This article has been modified by the Additional Act of the 14th of December, 1900, which provides that " the patentee in each country shall not " incur forfeiture for non-working until the expiration of a minimum period of " three years commencing from the date of the deposit of his application in the " country in question, and in case the patentee fails to give satisfactory reasons " for his inaction."

Articles VI. to X. of the Convention relate to trade or commercial marks.

Article XI., as modified by the Additional Act of the 14th of December, 1900, provides that the High Contracting Parties shall, in conformity with the legislation of each country, grant temporary protection to patentable inventions, industrial designs or models, and to trade or commercial marks, for articles exhibited at official or officially recognized International Exhibitions which have been organised in the territory of one of them.

Article XII. provides that each of the Contracting States shall establish " a special department for industrial property, and a central office for the com- " munication to the public of patents of invention, industrial designs or models, " and trade or commercial marks."

In the Final Protocol of the Convention it is stated that the organization of this special department is to comprise, so far as possible, the publication in each State of a periodical official paper.

Article XIII. provides that an International Office shall be established under the authority and supervision of the Central Administration of the Swiss Confederation, the expenses being borne in common by the Contracting States.

The total expenses are limited by the Protocol of the 15th of April, 1891, to the sum of 60,000 francs a year.

By the Additional Act of the 14th of December, 1900, a new clause has been inserted in the Convention providing that :—

> " The patents claimed in the different Contracting States by persons entitled to the benefit of the Convention shall be independent of the patents obtained for the same invention in other States whether adhering to the Union or not.
>
> " This provision shall apply in the case of the accession of new States, to patents existing in either State at the time of accession."

Queensland, New Zealand.

INTERNATIONAL ARRANGEMENTS IN THE SELF-GOVERNING COLONIES.

The only two Colonies that are already parties to the International Convention are Queensland and New Zealand. The Government of Western Australia has recently expressed a desire to join the Convention, while those of Natal and Newfoundland have expressed a contrary desire.

New South Wales, Tasmania, Western Australia.

The Patent Laws of New South Wales, Tasmania, Western Australia (in common with those of Queensland and New Zealand, which have already entered the Union) contain provisions on the same lines as those in section 103* of the British Act of 1883, which, when made applicable by Order in Council to any Colony which has joined the Union, give the priority conceded by Article IV. of the Convention to applicants from all countries belonging to the Union ; and when made applicable to Colonies which have not joined the Union give similar rights of priority to applicants from such Colonies and the United Kingdom. Orders in Council have made the section applicable to Western Australia and Tasmania, neither of which has yet joined the Union.

Victoria.

The Patent Law of Victoria provides that, subject to the issue of Orders in Council, an applicant for a patent in the United Kingdom, any Australian Colony, or the Colonies of New Zealand or Fiji, may have six months' priority in Victoria. The Law in this Colony also gives 12 months' priority to a patentee abroad, provided that any publication of the invention in Victoria shall have been without the inventor's consent.

Canada, Newfoundland, South Australia, Cape Colony, Natal.

The Patent Laws of Canada, Newfoundland, South Australia, Cape Colony, and Natal contain no provision for International arrangements for the protection of inventions. The Canadian Patent Act, however, gives 12 months' priority to a patentee abroad, provided notice of intention to apply for a patent in Canada be given to the Commissioner within three months of the date of the foreign application. In the Newfoundland Consolidated Statutes (Second Series), chapter 109, section 18 implies that patents may be granted in England which shall extend to Newfoundland, but provides that they shall not be effective there until the arrival of the specification and drawings.

Natal.

The Patent Law of Natal provides that, from and after the promulgation in this Colony of the Order in Council referred to in section 104 of the Patents, Designs, and Trade Marks Act, 1883, all Letters Patent granted in the United Kingdom of Great Britain and Ireland shall be deemed and taken to be granted under the provision of Law No. 4, 1870, and may be dealt with accordingly ; provided that this Law shall only apply to patents granted for inventions in the United Kingdom, and not to designs or trade marks. The effect of this provision is not altogether clear. Some of the difficulties which would arise under it, if Natal were to join the Union, are commented on in a recent letter from the acting Attorney-General of Natal to the Colonial Secretary.

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* This section has been amended by section 6 of the Act of 1885 and by the Act of 1901.

APPENDIX XI.

Imperial Stamp Duty Charges on Colonial Bonds.

MEMORANDUM BY THE BOARD OF INLAND REVENUE.

1. Colonial Government Bonds.

These securities, together with foreign securities, were first brought into charge to stamp duty by the Act 25 Vict. c. 22, the charge of 2*s.* 6*d.* per cent. on the amount secured being confined to those securities which were made, or the interest payable in the United Kingdom. By the Act 34 & 35 Vict. c. 4, the charge was extended to those securities which were assigned, transferred, or in any manner negotiated in the United Kingdom.

In 1885, when the Act 48 & 49 Vict. c. 51, whereby all securities transferable by delivery were made chargeable with the duty of 10*s.* per cent., came into operation, these securities were specially excepted from the higher rate of duty and remained, and are still, within the 2*s.* 6*d.* per cent. rate, whether transferable by delivery or otherwise. It will be thus seen that they are placed in a more favourable position as regards duty than similar securities of a Foreign Government or even the English municipal corporation bonds transferable by delivery which fall within the 10*s.* per cent. rate. Possibly these securities may be liable to duty in the issuing Colony, but that objection applies equally to all instruments, and the revenue laws of one country are not taken notice of by the revenue laws of another.

2. Colonial Municipal Bonds (Corporation or Company).

These securities are chargeable in the same way as those of English corporations or companies, namely, if transferable by delivery, 1*s.* for every 10*l.* or fractional part of 10*l.* secured; if transferable otherwise than by delivery, 2*s.* 6*d.* per cent.

In connection with this question, it may be useful to point out that under the Colonial Stock Act, 1877, now represented by section 114 of the Stamp Act, 1891, the Government of Canada or other Colony may pay a composition duty for the duty on the transfers of stock issued by the Colony, which is inscribed in books kept in the United Kingdom and so free from the duty of 10*s.* per cent., all transfers of stock included in the payment.

The rate of composition is 1*s.* 3*d.* for every 10*l.* or any fraction of 10*l.* of the nominal amount of stock inscribed at the date of the compositions with the addition:—

(*a*) when the period of redemption exceeds 60 years and does not exceed 100 years, of 3*d.* for every 10*l.* or fraction of 10*l.*;

(*b*) when the period exceeds 100 years or no period is fixed, of 6*d.* for every 10*l.* or fraction of 10*l.*

May 22, 1902.

APPENDIX XII.

Memorandum on the Pacific Cable and the Telegraph Service of the Empire. Respectfully submitted for the information and consideration of Members of the Coronation Conference by Sir Sanford Fleming.

1. In the Canadian Parliament a few weeks ago, the Honourable William Mulock, Postmaster General, informed the members that a complication, prejudicial to Canadian interests, had arisen in connection with the Pacific Cable.

2. Although this complication is distinctly traceable to the pronounced hostility to the Pacific Cable of the Eastern Extension and Associated Telegraph Companies, its immediate cause is due to the action of the Government of New South Wales in granting to the companies concessions materially affecting the financial outlook of the Pacific Cable scheme.

3. On December 31, 1900, the contract for establishing the Pacific Cable was formally executed on behalf of the Home Government, the Governments of Canada, New South Wales, Victoria, Queensland, and New Zealand. Sixteen days afterwards the Government of New South Wales, without the consent of the five other Governments in the partnership arrangement or any of them, granted the telegraph companies under a formal agreement the concessions referred to. This agreement cannot be rescinded unless by mutual consent, and as the Post and Telegraph service has since the date of the agreement been transferred to the Commonwealth of Australia, New South Wales, even if she so desired, has not now the power to set aside her own act. The power has passed from her, and the Government of the Commonwealth as the inheritor of the act, is bound by the agreement.

4. When in Australia last year Mr. Mulock had frequent interviews with the Right Honourable Edmund Barton, Premier of the Commonwealth, by whom he was made aware of the peculiar circumstances of the case. Mr. Barton and his Government were placed in an extremely difficult position, for if the Commonwealth inherits the particular Act referred to of New South Wales, it likewise inherits the responsibilities assumed by each of the three Australian States, Victoria, Queensland, and New South Wales, when they entered into the Pacific Cable arrangement. If, therefore, the agreement with the telegraph company cannot be changed, the moral obligations inseparable from the partnership agreement of an earlier date, resting on all the partners, are still more irrevocable.

5. Mr. Mulock informed the Canadian House of Commons that Mr. Barton recognised it to be the duty of the Commonwealth, while adhering to the agreement of New South Wales with the telegraph company, to live up to the spirit of the Pacific Cable agreement, and that he earnestly desired to see an honourable way out of the grave difficulty to which his Government had fallen heir.

6. As already stated, the difficulty is directly traceable to the Eastern Extension and Associated Telegraph Companies. These companies have combined to thwart the efforts of the Governments concerned in establishing the Pacific Cable. It cannot be said that those in the combination are inspired by lofty ideals or patriotic sentiments. They are governed entirely by considerations of private interest, and in order to accomplish their ends, they are bent on controlling all the over-sea lines of telegraph to Australia and New Zealand. There are good grounds for the belief that they aim to control even the Pacific Cable itself. As will hereafter be pointed out, they have entered on a crusade which may seriously affect the financial success of that undertaking as to develop a feeling against the policy of working it by the State, in order that its control may fall into their own hands. As the danger apprehended is imminent the public interests will best be served by recalling and considering the facts. Possibly a knowledge of them may open up an honourable way out of the difficulty, acceptable to the Commonwealth of Australia, and to which each of the other partners in the Pacific Cable contract may yield a ready assent.

7. At the Colonial Conference held in London in 1887 the delegates discussed at some length various matters bearing on the telegraphs of the Empire. Again, in 1894, at the Ottawa Conference the discussions were renewed. At innumerable meetings of Chambers of Commere, Empire Leagues and other associations the subject has again and again been considered. In the interval which has elapsed, the project of a British Empire telegraph service has been steadily developing. Its outline was submitted in a communication to the Secretary of State for the Colonies, dated October 28, 1898, and the main features of the scheme therein set forth may be described as one unbroken chain of State-owned telegraphs around the globe, touching or traversing all the great British possessions so as to bring each of them into direct electric touch with the Mother Country and with each other. In this manner Canada, New Zealand and Australia, India, South Africa, and the United Kingdom would be brought within the same electric circle. An essential feature of the scheme laid down is that no part of the system should touch foreign soil, and that the cables should each and all avoid shallow seas, in proximity to any country likely at any time to prove unfriendly. The route of the telegraph was more precisely described as extending from London to Canada, through Canada to Vancouver, from Vancouver to New Zealand and Australia, thence to Perth in Western Australia, from Perth to South Africa with a branch from Cocos Island to India; from Cape Town it was designed to extend to Bermuda, touching at St. Helena, Ascension, and Barbadoes; at Bermuda a choice of routes to England would be opened for selections. It might cross the Atlantic direct or as an alternative extend northerly to a suitable point of junction with the State line between Canada and England.

8. Such a telegraph girdle of the globe would constitute a means of connecting all His Majesty's great possessions and nearly all the naval coaling stations with each other and with the Imperial centre in London. The sub-ocean connections would be deep-sea cables in the least vulnerable position, and it may be added that the system would possess an advantage peculiar to a globe-encircling line of telegraph; each point touched would be telegraphically connected with every other point by two distinct routes extending in opposite directions. This feature possesses special value and in practice would prove the best security against interruptions from whatever cause.

9. Since 1898, when the scheme was promulgated, progress has been made in its development: (1) a State-owned cable from Canada to New Zealand and Australia is on the eve of completion, and (2) a cable has been laid across the Indian Ocean from Australia to South Africa. The latter is, however, a private undertaking, from which have sprung the complications which perplex the Government of the Commonwealth of Australia. On this point a brief explanation is called for.

10. It is well known that the telegraph companies have from the first placed themselves in opposition to the Imperial telegraph scheme and have employed every conceivable means to stifle the proposal to establish a Pacific Cable.

One main reason for their hostility to the Pacifi Cable lies in the fact that it forms the most important section of the larger proposal, and that the Canadian route is absolutely the only route by which the globe may be girdled by a chain of all-British cables, the proposal to which they are so strongly opposed. When it became known that the six Governments concerned had resolved to establish the Pracific Cable, the telegraphic companies combined and determined to adopt drastic measures in order to defeat the new State policy. They saw plainly that a State-owned cable across the Pacific would speedily lead to similar cables across the Indian and Atlantic Oceans. Accordingly they arranged to pre-occupy the ground by laying a private cable on the precise route which had previously been projected in the Indian, and partly in the Atlantic Ocean for the State-owned line. Moreover, they made tempting overtures to the Governments of the Australian Colonies, offering to reduce the burdensome telegraph charges hitherto exacted, provided these Governments granted them certain concessions; which concessions it was believed would enable the combined companies to ruin the commercial value of the Pacific Cable. There is likewise evidence to show that the cable combine took means to invoke the powers of the Press to influence public opinion in their favour. Unfortunately the then Government of New South Wales listened to the overtures and granted what the companies asked for.

11. These in a few words are the circumstances which have led to the difficulty referred to by Mr. Mulock. There is a collision of interests, private on the one hand, public and Imperial on the other. The cable companies looking to private rather than public interests, adopted a bold and aggressive policy. If they succeed in their designs

they will hold firmly within their grasp the most important telegraph lines of the Empire. A condition of things pregnant with danger; for it must not be forgotten that the property, the privileges and the powers of companies are transferable by purchase. We are not unfamiliar with such transfers, and we may ask ourselves the question, "What would prevent a syndicate of German, French, or United States stock operators buying up the controliing power of the Eastern group of cables? What would prevent the controlling power of the whole telegraph system of the southern hemisphere passing into foreign hands? What would prevent the cables of the Empire being alienated at the most critical moment?

12. The mere possibility of such a thing can scarcely be regarded with equanimity. The question raised is of vital importance to British people everywhere. Obviously the obligation to safeguard the public interest in the matter of telegraph communications is thrown on the Government of the British family of nations, and at this juncture on no single Government more than on that of the great Commonwealth of Australia.

13. In November 1900, an Inter-Departmental Committee was appointed by the Home Government to inquire into the subject of telegraphic connections, Lord Balfour of Burleigh, being chairman. The Committee reported a few weeks ago and the points specially referred to in the report which have a bearing on the matter now being considered are as follows:—

(1.) The Committee are strongly opposed to the general purchase of cables by the State.

(2.) The Committee are of opinion that every important colony or naval base should be connected with the United Kingdom by one cable touching on British territory, or on the territory of some friendly neutral.

(3.) A variety of alternative routes should be provided wherever it is essential to secure telegraphic communication in time of war.

(4.) The normal policy should be to encourage free trade in cables. Exceptions should only be made to this rule on the ground of national, not of private, interests.

14. These are the principal conclusions reached by the Committee, and it will be observed that not one of them conflicts with the proposal formulated in October 1898. With respect to the first point in the above list, the general purchase of cables by the State formed no part of the proposal then submitted. The proposal was not to purchase old cables, but to supplement them by establishing a sufficient number of new lines touching only British territory to connect every important colony with the Mother Country. This part of the proposal is in complete harmony with the recommendation of the Committee, with this difference, their recommendation is indefinite with respect to the number of cables, and may be understood to mean many cables, that is to say, a separate and distinct cable from each colony to the United Kingdom. The proposal of 1898 is precise and clear. Its main feature is to have the greater Colonial possessions connected with each other and the Mother Country by one continuous chain of cables constituting an all-British telegraph around the globe. Importance is attached to this proposal in the interest of economy, as it would secure every advantage with the least outlay. Moreover, the continuity of the cables, so as to form an electric ring around the earth, would in practice be the best security against interruption in the transmission of messages; as when a break would occur at any point there would remain an alternative route in the opposite direction.

15. It is not necessary to dwell upon the enormous importance of having the globe girdled by an all-British State-owned telegraph, as its advantages are self-evident. When the proposal was made known in December 1898, the British and Colonial Press with extraordinary unanimity expressed generally the opinion that the advantages to result are incontrovertible; that nothing would tend more to quicken a sense of unity and solidarity throughout the Empire; that at all times it would place it in the power of the Governments to regulate and moderate the rates for the transmission of messages between all the countries served; that the immediate effect would be to facilitate intercourse and foster trade, not only between the Mother Country and the Colonies but between the Colonies themselves.

16. One essential point to be insisted on is, that the Imperial telegraph girdle must be absolutely State-controlled, in order that the main lines of communication of the Empire be placed beyond the possibility of interference by trusts and combines, that is to say, that they shall remain inviolably British.

17. The expenditure involved would be considerable, but it is far outweighed by the incalculable benefit to result. The original estimate of expenditure required to establish such a telegraph girdle around the globe was from 5,000,000*l.* to 6,000,000*l.*, but this included the Pacific Cable which will cost close on 2,000,000*l.* The Pacific Cable will shortly be completed. To provide and lay the remaining cables not far short of 4,000,000*l.* will be required.

18. The foregoing paragraphs relate in brief detail the causes which have led to the complications which have arisen in Australia, and point out the inevitable outcome of the designs of the cable companies if they are allowed to go unchecked. The gravity of the peril has been indicated, and it is of such a character as to demand decisive action on the part of the Governments concerned.

19. Although the complications referred to by Mr. Mulock in the Canadian House of Commons had their origin in Australia, the question raised is not limited to that country. The antagonists of an Imperial system of cables conspired to defeat it, they played what from their own standpoint might be regarded as a master-stroke. This action has, however, brought forward an Imperial question of vital importance, in which we are all concerned, and the issues at stake are such that it is in the last degree inexpedient to place it in the power of any man, or syndicate of men, to gain control of the nervour system of this great Oceanic Empire.

20. We have a common interest in a common object. We have a common interest in seeing that a gigantic cable combination shall not be fastened on the British people to handicap commerce and retard general progress, and still more are we all interested in seeing that it shall not remain as a menance to the security of the Empire.

21. The problem presented is of the first importance, and the solution of it rests with the statesmen from the self-governing parts of the Empire, to be assembled at the Coronation Conference. It can undoubtedly be solved by following the same policy as that adopted in the establishment of the Pacific Cable, that is to say by a partnership arrangement in which all will unite for the common good.

22. Our common object is the freest intercourse, and this object can best be attained by linking together all the great outposts of the Empire precisely as Canada, New Zealand and Australia are now being brought into close relationship by means of the Pacific Cable. The Imperial telegraph system will embrace in its circuit round the globe three great oceans. Of these the Pacific will have its opposite shore telegraphically united in a few months. Then will remain the Indian and Atlantic Oceans to be traversed by nationalized cables. This, the crowning achievement, will cost in round figures 4,000,000*l.* an insignificant expenditure of capital, in view of the immensely important results to be attained. It would do more for the Empire as a whole than twenty times the amount spent in any other way whatever. It would set at rest the difficulty which has been caused in Australia. It would place the telegraph service of the Empire on a secure and satisfactory basis, and render alienation of the leading cables impossible. It would be a fresh tie between all the great Colonies and the Mother Land of great practical utility; it would minimize transmission charges and prodigiously increase the volume of telegraphic intercourse; it would benefit trade, vitalise the spirit of patriotism and strengthen the sentiments which constitute the most enduring foundation on which the Empire of the future can be built up. The circumstances are such, and the benefits so many and so great, that whatever the cost, the Pan-Britannic telegraph service should as speedily as possible be carried to completion.

23. The establishment of such a service would affect the existing companies. The national telegraph encircling the globe would become the main or trunk line of communication between the great self-governing portions of the Empire. The existing private cables would to a large extent assume the position of branches to the trunk line, and as such would find employment in general and especially in international traffic. The charges for transmission by the trunk line would be lowered to a minimum so as merely to cover cost of operating, interest and maintenance, and as a consequence the business would be immensely increased. The companies would gain by the increase and likewise by the reduced charges on the main line, as they would thus be supplied with much profitable business for general dissemination.

24. The private cables were for the most part established with commendable enterprise many years ago. They received generous Government assistance. They have done useful pioneer work, and this work has already yielded to the enterprising investors rich returns. The time has come, however, when circumstances demand a

change. It has become a matter of public expediency that the State should control an unbroken line of telegraph established for the safety and well-being of the Empire. It is possible, thereof, that the companies may have to rest content with more moderate gains than hitherto, at least until there be a new development of business under the changed conditions; that a development of telegraph business beyond all ordinary conception will result from the establishment of the Imperial service there can be no doubt whatever.

25. In the event of a determination being reached to complete the Imperial telegraph service, before proceeding to lay a State cable across the Indian Ocean the companies should be given the option to transfer, at a fair price, the private cable recently laid by them between Australia and South Africa, and arrangements should likewise be made to connect the Cape with the United Kingdom by a State-owned cable. These with the Pacific Cable will complete the globe-encircling telegraph line, designed to link together the trans-marine homelands of the British people on the five continents. It will prove an Imperial service in every sense. It will greatly promote the commercial and industrial well-being of all the parts. It will strengthen their relationship, and enable the whole fabric the better to withstand any stress or strain which the future may bring.

There is a rapidly growing desire on the part of the British people, everywhere, to strengthen the ties and multiply the links which unite the Mother Nation with the Daughter States. This feeling of attachment prevails in Australia and New Zealand. It is especially marked in Canada, and the writer feels himself warranted in expressing the foregoing views on behalf of Imperial-minded Canadians. Their name is legion, and they are prompted only by one spirit. Their ardent desire is to join cordially and actively in building up the Empire on an enduring basis that it may long continue to confer benefits on the human race.

Ottawa, June 14, 1902.

APPENDIX XIII.

NATURALIZATION.

No. 1.

GOVERNOR-GENERAL THE EARL OF MINTO (CANADA) to MR. CHAMBERLAIN.
(Received 5th May 1902.)

SIR, Government House, Ottawa, 21st April 1902.

IN reply to your circular despatch of the 10th October last asking for the views of this Government on the recommendations of the Home Department Committee in regard to the law relating to naturalization, I have the honour to enclose a copy of an approved minute of the Privy Council, embodying a report on the subject by the Minister of Justice.

It will be observed that Ministers express their concurrence in the principle that residence in any British Possession should qualify for full naturalization equally with residence in the United Kingdom; but suggest that in harmony with the amendment by which it is proposed to substitute "the King's Dominions" for "the United Kingdom" in the declaration by the alien as to his place of future residence, it should also be provided that past residence for a period of five years within "the King's Dominions" instead of within the "United Kingdom," should satisfy the condition of residence required by the naturalization law.

I have, &c.,
MINTO.

Enclosure in No. 1.

EXTRACT from a REPORT of the COMMITTEE of the HONOURABLE the PRIVY COUNCIL, approved by HIS EXCELLENCY on the 12th April, 1902.

The Committee of the Privy Council have had under consideration a Circular Despatch, dated 10th October 1901, from the Right Honourable the Secretary of State for the Colonies, transmitting the report of the Departmental Committee appointed by the Secretary of State for the Home Department to consider the doubts and difficulties which have arisen in connection with the interpretation and administration of the Acts relating to Naturalization, and requesting to be advised whether legislation for the amendment of those Acts is desirable, and if so, what scope and direction such legislation should take.

The Minister of Justice to whom the said Despatch was referred observes that the Report of the Committee recommends that the existing law relating to the acquisition and loss of British nationality be consolidated with certain amendments suggested by them.

Paragraph 31 suggests that if it appeared that under a law in force in any British Possession the conditions to be fulfilled by aliens before admission to the rights, privileges and capacities of British subjects to be enjoyed within the limits of the Possession included conditions which were substantially the same as those required for the grant of certificates of naturalization under an Act of the United Kingdom, the Governor of that Possession should be empowered to grant a certificate of naturalization to have the same effect as one granted by a Secretary of State.

And the same paragraph further suggests that in all other cases the Governor might have power in his discretion to recommend to the Home Government for a certificate of naturalization any alien whom he could certify to have satisfied within the Possession conditions identical *mutatis mutandis* with those required for naturalization in the United Kingdom, and that the Secretary of State might in his discretion grant a certificate upon such recommendation.

The Minister states that the law in force in Canada is less exacting than the proposed Imperial Act, and as the conditions therefore would not be "substantially the same," the Governor-General of Canada would not be able to grant such certificate of naturalization.

The Governor-General in Canada would only be able under the second above-mentioned proposals to certify that an alien had satisfied in Canada the requirements *mutatis mutandis* for naturalization in the United Kingdom.

The Minister recommends that the Imperial Authorities be advised of the approval of the Government of Canada of the principle that residence in one of the British Possessions should qualify for full naturalization in the same way as in the United Kingdom, and further that it would be simpler and avoid cases of hardship if the qualification with regard to past residence could be altered by substituting the words "the King's Dominions," for "United Kingdom," in the same way as is proposed for the intention to be declared for future residence.

The Minister states that under the law, as proposed to be amended, it would seem that an alien who had resided five years in either the United Kingdom or in Canada would be able to obtain full naturalization, but an alien who had resided four years in the United Kingdom, followed by four years' residence in Canada, or *vice versâ*, would be unable to obtain naturalization in either country.

The Committee advise that his Excellency be moved to forward a certified copy of this Minute to the Right Honourable the Secretary of State for the Colonies.

All which is respectfully submitted for His Excellency's approval.

JOHN J. MCGEE,
Clerk of the Privy Council.

No. 2.

NATURALIZATION COMMITTEE to MR. RITCHIE.

SIR, Whitehall, 18th June 1902.

IN accordance with your instruction we have given our careful consideration to the Colonial Office letter of the 16th ultimo, forwarding copies of communications received from the Governments of certain of the self-governing Colonies in regard to our report on the question of naturalization, and we submit the following observations thereon.

In drafting our report we considered the question whether a person applying for a certificate of naturalization should be required to show that he had resided for five years within the jurisdiction of the naturalizing authority to whom the application might be addressed, or whether, so long as the applicant could show that he had resided five years within the King's Dominions, it should be immaterial that he had during that period resided within the jurisdiction of more than one naturalizing authority.

We recommended the first alternative. We considered that five years' residence in the United Kingdom or some one British Possession would be a proper guarantee of a definite intention to continue to reside within the Dominions, and that if it were permitted to an applicant for naturalization to reckon five years' residence made up of shorter terms in various parts of His Majesty's Dominions, difficulties would arise in reference to evidence of residence and fitness for naturalization. We adhere to this view.

With regard to the remark of the Minister of Justice of Canada that the Governor-General of that Dominion would only be able, under the proposals of the Committee, to certify that an alien had satisfied in Canada the requirements *mutatis mutandis* for naturalization in the United Kingdom, we would observe that we contemplated that, speaking generally, the Governments of the several Colonies would bring their existing "naturalization" laws up to the standard requisite for enabling them to grant full and complete naturalization, and make whatever supplementary provision they might think fit for the grant to aliens, under provision similar to that of section 16 of the Naturalization Act of 1870, of purely local rights.

If it were made clear to the Canadian Government that at present they are entirely without power to grant complete naturalization, and that it is proposed to give them such power and at the same time to leave them unfettered in the matter of the grant

of local rights to aliens, they would probably feel no further difficulty in the matter, especially if it were pointed out to them that, as regards the passage in our report which has attracted their particular attention, our proposals are that the Government of the United Kingdom shall have no greater powers than those which we have recommended to be conferred on the Governments of other parts of His Majesty's Dominions.

The papers referred to us do not appear to call for any further observations.

We are, &c.

KENELM E. DIGBY.
F. H. VILLIERS.
D. FITZPATRICK.
W. E. DAVIDSON.
H. BERTRAM COX.

The Right Hon. C. T. Ritchie, M.P.,
&c. &c. &c.

APPENDIX XIV.

Précis of South African Correspondence with reference to Subject 5 for discussion at the Colonial Conference.

The question of the admission to practise in the new Colonies of "duly qualified "members of the learned and skilled professions now admitted and hereafter to be "admitted to practise in the Dominion of Canada, the Commonwealth of Australia, "and in New Zealand" has engaged attention with reference to (*a*) Surveyors, (*b*) Legal Practitioners, and (*c*) Doctors and Chemists.

Surveyors. 20511/02. 16312/02.

As to (*a*) Lord Milner and the Government of New Zealand have already agreed in direct correspondence to accept the principle of *reciprocal* admission of qualified surveyors, with the proviso, on both sides, that a licence or diploma is presented obtained on examination equal to that which now rules throughout Australasia and accompanied by a letter of recommendation from the State Examining Board which issued it that the surveyor named is personally and professionally reputable and up to date.

Arrangements for such examinations in the new Colonies will doubtless be made in due course, the surveyors' examination in the Cape and Natal affording a model.

Legal practitioners.

As to (*b*) Legal Practitioners, the existing position as regards the Transvaal is defined in subsection (*d*) of Proclamation 14 of 1902, which enacts that the Colony will admit "any person who shall have been admitted to practise as an advocate in the "Supreme Court of any British Colony, and who at the date of his application "for admission to practise in the Colony remains enrolled as an advocate of such "Supreme Court as aforesaid provided that such person (1) shall have passed an "examination in law which at the date of his application for admission as aforesaid "is covered by a notice issued in terms of subsection (a) of section 12 (*i.e.*, a notice "by the Governor that such examination is deemed equal to the examination for "the degree of Bachelor of Laws in the University of the Cape of Good Hope) and "(ii.) shall for a period of seven years successively have practised in such Supreme "Court as aforesaid exclusively as an advocate and not in partnership with any "attorney of such Court." The conditions of admission for attorneys are practically the same. As regards the Orange River Colony, a similar proclamation has not yet been issued, but that Colony will presumably be brought into line with the Transvaal as in other cases.

25074/02, 19 June.

Lord Milner's opinion is that the above provisions are sufficiently liberal, and that no general undertaking on the lines of the New Zealand notice of motion should be given. He notes that though *reciprocity* cannot be demanded now in view of the special circumstances, it will without doubt be demanded at a later date.

As regards medical practitioners, dentists, and chemists or druggists, provisional arrangements have been made pending the establishment of a medical council similar to the medical councils which regulate admission to the practice of these professions in the Cape and Natal.

Under this provisional arrangement persons desiring to practise these professions in either the Transvaal or the Orange River Colony must obtain a licence from the Colonial Secretary of the Colony, after submitting for his examination and approval their diploma or certificate, and, if required, evidence of their identity and good character.

Licences are granted to persons on a British medical register or entitled to be registered in Great Britain and Ireland.

Lord Milner reports that for the purpose of licences to medical practitioners, the Transvaal Government accepts diplomas from the following Colonial and Indian Universities:—Adelaide, Melbourne, Sydney, New Zealand, Bombay, Calcutta, Madras, Punjab, Malta, and the Ceylon Medical College. It will be seen that the Transvaal Government recognises diplomas to which Part II. of the Medical Act, 1886, has been applied,* and admits practitioners from those British possessions whose Governments recognise the principle of reciprocity. It is, however, understood that the Canadian

* Part II. of the Medical Act provides for the recognition of diplomas of those countries which give to British medical practitioners such facilities for practice there as seem to the King in Council to be just.

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provincial Governments are not willing to extend reciprocal advantages to British medical practitioners, and have not entered into any arrangement under Part II. of the Medical Act, 1886.

In the case of chemists and druggists there is no information as to details.

Generally speaking, Lord Milner's view is that professional men from the self-governing Colonies should be admitted to practise in the new Colonies, unless the standard of examination and experience in their own Colony is distinctly lower than that required in the new Colonies. He thinks, however, that there should be *reciprocity* in such matters.

It has been suggested that a local committee should be appointed to consider the matter and formulate proposals.

Colonial Office,
28th June 1902.